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TODAY'S
New York Fashion Page 10
STYLE

Saddam Threatens to Down U.S. Spy Planes

Clinton, Fending Off Calls For Armed Response, Lets UN Handle Face-Off

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — As the Iraqi government made its first slightly conciliatory statements Monday after five days of threatening to expel American weapons inspectors, the Clinton administration held firm to a policy of letting the Security Council handle the confrontation, fending off calls from Congress for a more beligerent response to President Saddam Hussein.

At the same time, however, the Iraqis appeared to threaten American U-2 spy planes. The threat was made in a letter to Richard Butler, who heads the investigating commission charged with disarming Iraq. In the letter, Iraq's representative at the United Nations, Nizar Hamdoun, said his country's anti-aircraft guns were ready for the next U-2 flights, which support the weapons monitoring.

Bill Richardson, the U.S. chief delegate to the United Nations, called the threat "irresponsible."

But the United States, which blocked a French proposal Friday to send a diplomatic team to Iraq to discuss the impasse, backed a similar mission appointed Monday by UN Secretary-General Kofi Annan. Three envoys — an Algerian, an Argentine and a Swede — were expected to arrive in Baghdad on Tuesday.

International inspections of Mr. Saddam's remaining weapons programs were effectively suspended again Monday by the United Nations before they could resume after a five-day pause. The break came when the Iraqis stopped a team of biological arms experts from visiting a suspect site because one of the experts was an American.

Twice in the last week, Iraq has barred Americans from entering the country to join the Baghdad-based teams.

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Off-Year Votes Test Issues for '98 Elections

By Brian Knowlton
International Herald Tribune

WASHINGTON — A handful of off-year elections Tuesday may provide vital clues on how issues from tax cuts to education to abortion will play in next year's full slate of U.S. congressional elections.

The only gubernatorial races Tuesday, in Virginia and New Jersey, appeared likely to turn on narrow local issues, reflecting the fact that the elections come at a time of nationwide prosperity and general content.

A few high-profile ballot issues, most notably an Oregon initiative that seeks to repeal the legalization of doctor-assisted suicide, are also drawing keen attention.

As of Monday, the races in Virginia and New Jersey were considered too close to call. A congressional race in the Brooklyn-Staten Island district of New York, to replace Susan Molinari, a one-term rising Republican star who quit to work for television, was also rated a toss-up. In the most important mayoral race, Mayor Rudolph Giuliani of New York was expected to win, the only question being the size of the landslide.

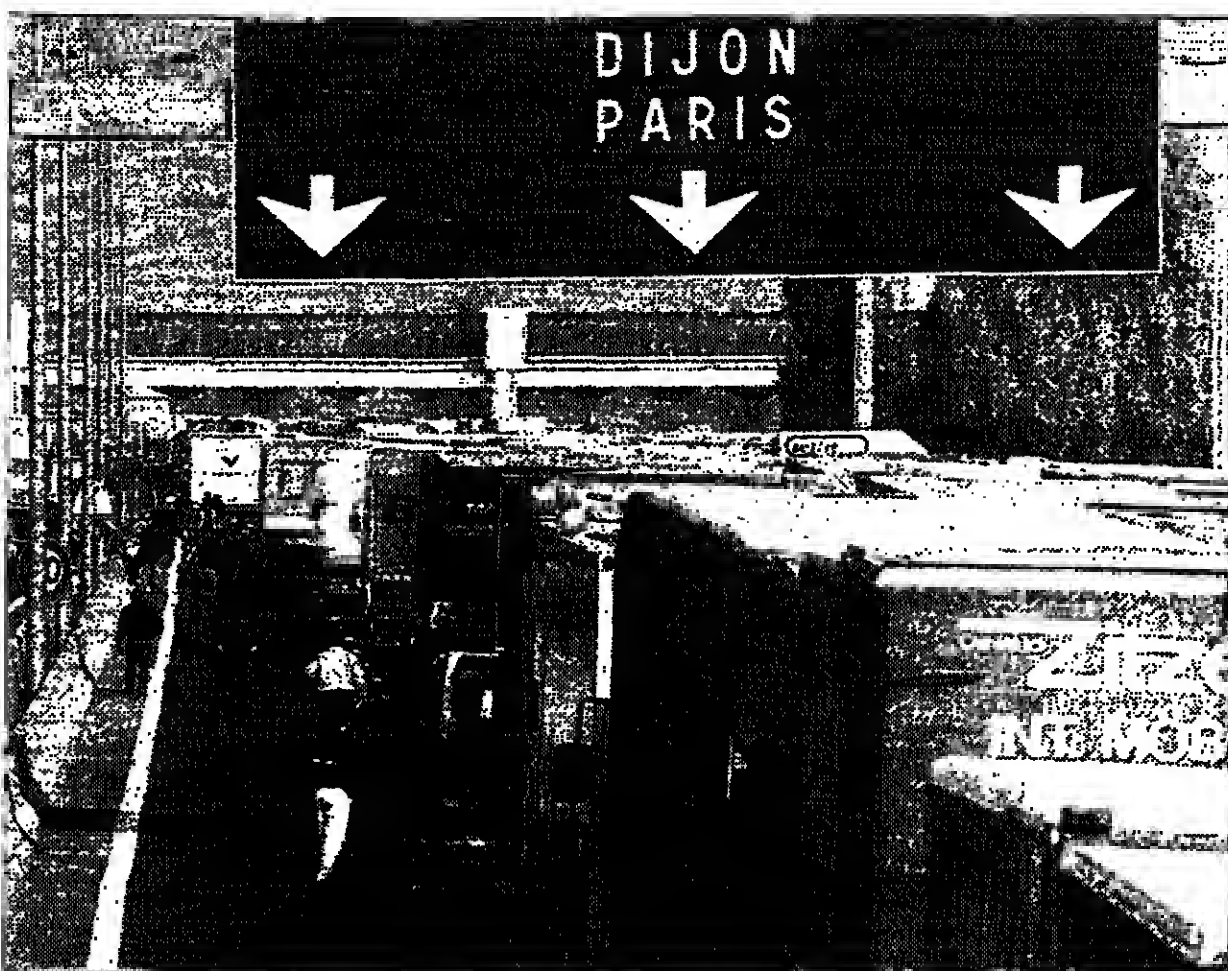
The Virginia race is seen as a particularly instructive test of tactics that might be reproduced across the country next year. It pits two men, both experienced in government and both considered moderate and competent, whose handling of the issues contrasted sharply.

James Gilmore 3d, the Republican candidate, is a former state attorney general who has built a strong campaign around a single theme: a call to phase out the state tax on cars and trucks. That,

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Newsstand Prices

Bahrain	1,000 BD	Malta	55 c
Cyprus	C £ 1.00	Nigeria	1250 Naira
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Great Britain	£ 2.00	Saudi Arabia	10 SR
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India	1250 INR	U.S. (Est.)	\$ 1.20
Kenya	700 KSh	U.S. (Est.)	\$ 1.20
Malawi	700 MSh	Zimbabwe	2m \$30.00



Trucks blocking France's A6 expressway at Villefranche-sur-Saone on Monday as the strike got under way.

Truck Strike Freezes French Road Traffic

Threat of Economic Paralysis Looms As Gas Supplies Start to Run Out

By Barry James
International Herald Tribune

PARIS — Striking truck drivers laid siege to the nation's highway system Monday, throwing up at least 140 barricades across major roads and at the entrance of fuel refineries and depots, threatening the country with economic paralysis and disrupting transportation over much of Europe.

Authorities in some districts imposed fuel rationing for all but priority and emergency vehicles, and gasoline supplies began running out in Paris and other cities after the strikers blocked two-thirds of the country's refineries and depots.

It was impossible to estimate how long supplies at service stations would last, particularly in an atmosphere of rising uncertainty among consumers. Officials at the International Energy Agency would say only that France's fuel reserves were a state secret, and spokesmen at the Economy and Transport ministries said they were unable to estimate how long the country could hold out.

Riot police avoided confrontation in most areas but cleared border crossings into Spain and Germany without violence or arrests.

Although France was under pressure from neighboring countries to keep highways open, observers said there was little likelihood of the government sending in police to clear the roads since this would engender sympathy for the strikers.

"The drivers' grievances do not lack justification," said La Tribune, a business newspaper. "They are popular because they work hard for meager pay."

It said the European Union should introduce laws to regulate the industry. A spokesman for Force Ouvriere, one of the unions involved in the strike, said there had been a few minor incidents between police and strikers. "They know we are determined and that any attempt to move the blockades would be resisted with all our strength," he said.

Foreign trucks took matters in their own hands at Villefranche-sur-Saone, on the main north-south highway, near Lyon. About 400 Spanish and German truck drivers battled with about 40 French strikers and forced a passage. Nonstriking French truck drivers took advantage of the breakthrough to get through the barricade, which was later re-established. A striker was taken to the hospital with what police described as serious head injuries.

Hundreds of foreign trucks remained trapped behind the barricades, and huge traffic jams developed as the strikers allowed private cars to filter through their barricades one at a time.

The government, facing its first major test of strength with labor unions, sought to bring the unions and employers back to the negotiating table, but appeared to

be avoiding a direct confrontation with the strikers. The strikers also appeared anxious to avoid violence.

Police in riot gear ordered the strikers to clear border crossings into Spain, at Biraou, near Irun, and into Germany, at Strasbourg. The truck drivers obeyed, but threatened to set up barricades further away from the border.

The strike was likely to have a rapid effect on automobile and other industries that depend on just-in-time deliveries, Renault said it would have to start laying off workers Tuesday be-

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Economic Crisis Claims Thai Leader

Prime Minister Chaovalit Resigns After Failing to Stem Decline

By Seth Mydans
New York Times Service

BANGKOK — Thailand's prime minister announced his resignation Monday, becoming the first political casualty of Southeast Asia's economic crisis.

The government struggled to find a new leader as the country's currency and stock market continued to fall.

Prime Minister Chaovalit Yongchaiyut had been in office for just 11 months and had failed to take control of either the government's relentless infighting or the economy's rapid slide.

A government spokesman said the nation's fractious six-party coalition would ask a respected former prime minister, Prem Tinsulanonda, to step in to the job, after a leading member of the coalition turned it down.

That coalition member, Chatichai Choonhavan, leader of the National Development Party, declined what appears to be an increasingly thankless job, pleading ill health.

"Everyone is forced to find a way out for the nation, so we hope that General Prem will accept this position because there is no one suitable for this position at the moment," said the government spokesman, Prem Sak Pajayra.

[An official close to Mr. Prem told the International Herald Tribune before Mr. Chaovalit resigned that Mr. Prem would

decline the office of prime minister if it were offered to him.]

The inability of Mr. Chaovalit's government to take firm action in the face of the country's worst financial crisis in decades is seen by economists and financial analysts as Thailand's primary economic liability.

Though discontent had focused on Mr. Chaovalit, it is not clear that any

other Thai prime minister would have managed the situation much better. A political change now will clear the air and allow a fresh start, but whoever comes next will face the same challenges that defeated Mr. Chaovalit.

An old-school politician who cuts deals, helps friends and dodges tough

See THAILAND, Page 4



Mr. Chaovalit, amid guards and reporters, arriving at a meeting Monday.

Salesman and Statesman, Mahathir Means Business

By Thomas Fuller
International Herald Tribune

KUALA LUMPUR — At a gathering here Monday of leaders from 16 developing countries, Malaysia's outspoken prime minister, Mahathir bin Mohamad, unleashed another of his patented currency-lashings on the evils of foreign currency traders and globalized financial markets.

But an hour later, Mr. Mahathir was selling cars, furniture and television sets.

President Hosni Mubarak of Egypt was offered a seat behind the wheel of Malaysia's national car and President Alberto Fujimori of Peru was shown samples of machinery.

Malaysian companies displayed their projects in Africa and Asia — everything from their \$38 million oil project in Algeria to the installation of telecommunications in-

frastructure in southern Africa.

Also on full display was Mr. Mahathir in his twin roles as spokesman for a certain view of the world and salesman for Malaysia. Both of these roles have been rewarding for the prime minister and his country in the global economy.

Mr. Mahathir's high profile has helped triple the country's exports to developing countries since 1990, when the prime minister invited the leaders of the developing world to Kuala Lumpur to discuss problems they had in common.

The leaders here Monday were holding the seventh annual summit meeting of the Group of 15 developing countries, their answer to the Group of Seven industrialized countries, or G-7. The G-15 groups Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Jamaica, Malaysia, Mexico, Nigeria, Peru, Senegal, Venezuela and Zimbabwe. Kenya

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Belgium's Dark Side: A Cellar of Bones

By Roger Cohen
New York Times Service

BRUSSELS — Belgium is a habitually placid country, not much given to angst. But the steady stream of human body parts that has been emerging from the cellar of an elderly pastor's house has renewed national questioning about Belgium's dark side.

Eurocrats, as the officials of the European Union are known, still go about their business in this city, and the Brussels subway remains one of the safest places on earth. But just what Andras Pandya, a Protestant pastor, did here with two former wives and four of his children has become the talk of a country that is growing uncomfortably familiar with the macabre.

It is just over a year since Belgium was shaken into unusual and widespread protest by the judicial ineptitude and police corruption that allowed Marc Dutroux, a convicted child rapist and child pornographer, to lure at least four girls to their deaths after his prison sentence was cut

short for good behavior. Now the discovery in central Brussels of bodies apparently dead at least seven years — and apparently belonging to members of the Pandya family whose disappearances were reported to the police several years ago by one of Mr. Pandya's daughters — has again raised questions about the judiciary, the police and indeed the Belgian state as a whole.

Since his arrest on Oct. 17 on charges of murdering six members of his family, the story of Mr. Pandya, 71, has become stranger by the day.

Belgian newspapers are full of stories of possible further killings by the pastor, of human flesh in freezers and of possible incest. The police are looking into whether he may have been linked to a prostitution racket, seen as a possible source of the wealth that enabled him to buy three large houses in Brussels and one near Brno.

Mr. Pandya has denied all the charges and insisted that the missing family members abandoned him. Jos Colpin, a

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AGENDA

3% Dow Jump Tops Off Global Rally

U.S. blue-chip stocks notched their third-biggest point gain ever, following through on a rally in most Asian and European markets that bolstered hopes that the global market sell-off had bottomed.

The Dow Jones industrial average closed up 232.31, or 3.12 percent, at 7,674.39. The broader market also gained, with advancing issues out-

numbered decliners by a 4-to-1 ratio on the New York Stock Exchange.

"Fear has shifted to greed," said Robert Stovall, president of Stovall/ Twenty-First Advisers Inc. "Some investors wish they'd bought more aggressively last week. Those who said they had too much exposure to stocks are now saying they don't have enough." Page 12.

The Dollar			
	Monday @ 4 P.M.	previous close	
DM	1.7365	1.725	
Pound	1.8757	1.8735	
Yen	121.45	120.40	
FF	5.816	5.777	

The Dow			
	Monday close	previous close	
+232.31	7674.39	7442.08	
S&P 500			
change	Monday @ 4 P.M.	previous close	
+24.32	838.94	914.62	

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Andras Pandya, left, and a policeman in Brussels on Monday.

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Social Time Bomb / Silesian Pits a Drag on the Economy

Poland's Proud Coal Miners Resist Change

By Jane Perlez
New York Times Service

LIBIAZ, Poland — After spending more than six hours, day after day, a mile and a half underground, Darek Ptak emerges, a fine gray powder streaked across his fleshy face, a hard hat cocked back on his head, and considers himself a lucky man.

In Poland's hugely inefficient coal mines, where the glory days of model Communist workers and Solidarity's battling union are over, Mr. Ptak, 31, is relieved just to have a job.

But if Poland's new government — an odd marriage of admirers of Margaret Thatcher and unionists — has the courage to carry out its stated program, more than 80,000 miners like Mr. Ptak will lose their jobs in the next several years.

The coal mines of Silesia are one of the biggest drains on this country's booming economy and one of the last redoubts of unreformed industry in Poland, which threw off communism in 1989. But Silesia is also a social time bomb — nearly 7 million people in the industrial heartland in southern Poland, where big swipes at the coal mines could cause economic and psychological quakes across cities, towns and villages.

The new finance minister, Leszek Balcerowicz, has stressed the need for restructuring the mines. Indeed, his chief assistant, Jakub Karnowski, 23, has just completed his thesis on Mrs. Thatcher, who broke the British coal miners, and the welfare state in Britain. He concluded that the British prime minister did right.

"There are similarities between Poland and the United Kingdom in the Thatcher period," he said, setting a tone for the coming turbulent debate in Poland. "There are the poor conditions of the mines in both places and the power of the miners. Arthur Scargill had big political power as the Solidarity trade union do now."

Mr. Karnowski was comparing the British trade union boss with the current Solidarity union leader, Marian Krzaklewski. But in contrast to Mr. Scargill, Mr. Krzaklewski is a right-of-center politician who is the most powerful force in the new Parliament.

It is unlikely that the new government will be as rough with the miners as Mrs. Thatcher was in Britain. But few deny that changes are ahead.

For generations, Poland's miners were the aristocracy of the working class, reaping wages that were five times as high as other workers' pay levels. Wages here are still nearly double the average. Miners earned so much that despite the requirements under the Communist regime that women work, miners' wives rarely did.

The mines, owned by the government, provided apartments, health clinics, vacation homes and sports centers, all nonproductive assets that some of the more efficient mines are now trying to sell.

Under successive governments over the last seven years, a number of mines have closed and through the retirement of workers, the labor force has been sliced from 416,000 to 275,000 miners.

But economists for Solidarity, as well as Mr. Balcerowicz, recognize that this is not enough — last year, the mining industry lost \$730 million. And productivity is very low. In 1996, Poland produced 51.3 tons of coal per miner while Germany produced 741 and Britain 2,311.

Most of the coal mined here is used for domestic energy. But to keep the bloated work force occupied and to lessen the risk of social unrest, Poland exports coal at below cost. Salaries and social security payments account for 50 percent of the cost of Poland's coal, according to the World Bank.

There are also compelling environmental reasons for curtailing the mines. Scientists at an environ-



For generations, Poland's miners were the aristocracy of the working class, reaping wages that were five times as high as other workers' pay levels.



mental conference this year said that three of Poland's largest mines pumped 5,000 tons of salt daily into the Vistula River, the country's main waterway, making it one of the most polluted rivers in Europe.

The heart of Mr. Balcerowicz's argument is that the money now spent on high wages and expensive pensions for men retiring in their early 40s should go to creating new jobs. This would ease the transition and soften the social disruption.

"It will be a victory for Poland when we decide that instead of paying for warm slippers for retired miners we secure jobs for their grandchildren," said Narcyz Dudek, treasurer of the Janina mine in Libiaz, and a supporter of Mr. Balcerowicz.

The Solidarity leader at the Janina mine, Stanislaw Kurak, agreed with the treasurer.

"There have to be incentives for businessmen who will hire former miners," he said. "We have to reform. If there are no reforms the entire labor market in Silesia will collapse and the economy in other parts of Poland will be affected. Of course there are fears, everybody fears. We in Janina mine were afraid too. But our management was able to explain to us."

HERE IN LIBIAZ, about 50 kilometers southeast of Katowice, the majority of the region, the Janina mine is one of the few to make itself profitable, largely by investing in new equipment and reducing the work force from 6,700 to 4,080, mainly by not replacing retiring miners. Jerzy Grybek, the mine director, said he had applied Western management techniques to turn the mine around. But he said he had run up against lots of roadblocks. The Janina mine belongs to a government-controlled holding company, and he said there were limits to his independence. For example, he was forced to hire 500 miners last spring — Mr. Ptak, laid off at a failing mine, was among them — even though the Janina mine didn't need them.

A recent referendum among the workers at the

Janina mine favored cutting ties with the holding company and making the mine an autonomous business. "But union headquarters was against it because they said making the mine independent would cut the union's influence," Mr. Grybek said.

As Mr. Ptak walked toward the showers at the end of one recent workday, his attitude exemplified the Silesian motto: Once a miner, always a miner.

An electrician who went into mining 13 years ago, Mr. Ptak is still quite young. He is now at his third mine. The other two were losing so much they were in the process of closing, he said.

Despite this bleak picture and the fact he has a marketable trade as an electrician, Mr. Ptak is reluctant to leave. "It would not be very nice to look for another job," he said.

He is not alone. Silesia is set to become a new automobile manufacturing center for Poland, but so far miners have shown little interest. General Motors received 27,000 applications for 2,000 jobs at the plant due to open at Gliwice, near Katowice, next year. Very few of the applicants were miners, said Zbigniew Lazar, a spokesman for GM in Poland.

The leadership of the new government comes from Silesia: the prime minister, Jerzy Buzek, is an industrial engineer from Gliwice. Mr. Krzaklewski and Mr. Balcerowicz, the two polar ends of the new coalition, won their parliamentary seats in Silesia.

To the surprise of many, Mr. Balcerowicz, who engineered Poland's harsh economic policies in the early 1990s that set the country on the road to its current 6 percent annual growth, received more votes than the union leader.

These men acknowledge that Poland's overall economic health depends on cutting the mine losses. But do they have the political stomach?

Mr. Karnowski stresses that Mrs. Thatcher acted early in her tenure so she had time to regroup for her re-election. The Polish government does not have long to move, he said.

The first six months or year of this government is a unique opportunity," he said. "We are not rich like Britain or other Western countries. We have to destroy the economic burden of the welfare state."

Climatologists Agree: World Will Get Hotter

Doubling of Carbon Dioxide Levels Nears

By William K. Stevens
New York Times Service

BONN — Climate experts have warned for years that a doubling of heat-trapping carbon dioxide in the atmosphere could have serious consequences worldwide. Now a growing number of scientists and policymakers say it will be difficult if not impossible to avoid such a rise.

The reason, they say, is that the world's economic and political systems cannot depart from business as usual rapidly enough.

In a metaphor that acquired some currency at talks on global warming, which ended inconclusively here Friday, it is like trying to turn a supertanker in a sea of syrup.

Carbon dioxide is emitted by the burning of coal, oil and natural gas. These fuels are an integral part of the modern economy and weaning the world from them has always been acknowledged as a difficult task at best.

In the long debate over global warming, a doubling of carbon dioxide from pre-industrial levels in the 19th century has been a frequent object of analysis and anxiety.

Mainstream climatologists say that such a doubling would raise the average surface temperature of the globe anywhere from a moderate 3 degrees Fahrenheit (1.6 degrees centigrade) to a potentially catastrophic 8 degrees, disrupting the Earth's climate and causing the seas to rise because polar ice would melt. By comparison, the world has warmed 5 to 9 degrees since the depths of the last ice age, about 18,000 to 22,000 years ago.

While there are dissenters, a growing number of scientists and policymakers now say that a doubling may be unavoidable late in the next century. This is so, they say, despite whatever steps to limit emissions of the gases emerge from the international talks that were held here and will conclude in Kyoto, Japan, early in December.

For the most part, attention until now has focused on the next two decades or so, in the belief that the most important thing is to make a start in reducing emissions. But it is widely agreed, based on proposals on the table, that any action emerging from the Kyoto meeting will be insufficient to prevent an eventual doubling of greenhouse gases.

The proposals outline a range of relatively modest reductions by industrialized countries, none of which are enough to prevent overall atmospheric concentrations of carbon dioxide from continuing to rise.

What Kyoto will do, almost predictably, is produce a small decrease in the rate of increase," said Jerry Mahlman, director of the National Oceanic and Atmospheric Administration's Geophysical Dynamics Laboratory at Princeton University.

Double about the long term are forcing people to pay more attention to a basic but long-deferred policy question: What should be the ultimate goal in stabilizing carbon dioxide concentrations?

If the experts' new fears are borne out, a rough doubling of carbon dioxide concentrations, or perhaps a bit less, may be the best to which the world can aspire.

Under the most likely outcome, this could mean a rise in sea levels that would inundate low-lying coastal areas and small island nations, more frequent and severe floods and droughts, a shift in climatic zones and disruption of natural ecosystems.

Not everyone agrees that a doubling is inevitable.

Atmospheric carbon dioxide is now about 360 parts per million and environmentalists say it is possible and necessary to stabilize concentrations at 450 parts per million by volume — about one and a half times the pre-industrial concentration of 280 parts per million.

This, according to a study by the Environmental Defense Fund, would limit the global temperature increase to 1.5 to 2 degrees Fahrenheit over the next 100 years.

The estimate assumes that the climate's sensitivity to carbon dioxide is in the middle of the range implied by mainstream scientists' conclusion that a doubling would produce a warming of 3 to 8 degrees.

At 450 parts per million, if the environmentalists are right, the total temperature increase by 2100 would be about 2.5 to 3 degrees. This would still make the world warmer than at any time in the last 10,000 years, and some further warming would occur after 2100.

Virtually nobody believes it is possible to stabilize atmospheric concentrations below 450 parts per million, and a number of experts say it will be very difficult if not impossible to stabilize them even at 550 parts per million, the next plateau on which some policymakers are beginning to focus.

Russian Space Dog: Is Having Her Day

The Associated Press

MOSCOW — Russian space scientists unveiled a plaque here Monday to mark the 40th anniversary of the first living creature sent into space — Laika, a mongrel dog who died during the famous flight.

Laika, a stray found on the streets of Moscow, literally rocketed to fame aboard a Soviet spaceship Nov. 3, 1957. The flight came only a month after Moscow launched the space race by putting into orbit the first man-made satellite, Sputnik.

Laika's spacecraft, though a decent capsule, and she, trapped up along with the satellite as it returned to the Earth's atmosphere.

The plaque by scientists at the Institute for Aviation and Space Medicine commemorates the contributions of Laika and other animals studied in the space program, the Russian press agency Iar-Tass reported.

Correction

A Washington Post dispatch from Moscow on the summit meeting between President Boris Yeltsin and Prime Minister Ryutaro Hashimoto of Japan carried an incorrect byline. It was written by Daniel Williams.

Dozens Die as Storms Hit Vietnam and Islands

The Associated Press

HO CHI MINH CITY — Powerful storms have struck Vietnam and several Pacific islands, killing dozens of people and sinking hundreds of fishing boats, the authorities said Monday.

A tropical storm, designated Linda, struck Vietnam early Monday with winds of more than 130 kilometers an hour. While over the weekend a typhoon hit the Northern Mariana Islands and a cyclone ravaged the northern part of the Cook Islands.

The storm hit Vietnam's southern coast, sinking at least 200 fishing boats and leaving 1,150 other boats missing, officials said.

The exact death toll was not known, but authorities said "dozens were confirmed dead." That estimate was likely

to rise — perhaps into the hundreds — as rescue crews recovered capsized and damaged boats.

Thousands of families were left homeless after the storm swept across Ca Mau Province, destroying 13,000 clapboard and mud homes, a government official said.

Vietnam's Meteorological Office said the storm had moved across the southern tip of Vietnam and was heading into the Gulf of Thailand.

In anticipation, an American company drilling for natural gas began evacuating more than 800 people from rigs in the Gulf of Thailand.

Unocal Thailand suspended all drilling operations Saturday and used helicopters to move the employees to safety, a news release said.

In the Northern Mariana Islands, authorities reported no injuries from a typhoon Sunday that hit the Western Pacific island chain.

The typhoon, called Keith, brought high winds as it passed between the islands of Rota and Tinian. On Rota, the winds ripped off the tin roofs of government buildings and houses, leaving 13 families homeless.

There were no immediate reports from officials who went to assess the damage on Tinian, which took the brunt of the storm, said Frank Elliptico of the Emergency Management Office.

In the northern part of the Cook Islands, at least three people were killed and 20 were missing after a cyclone struck low-lying atolls Saturday in the South Pacific, the authorities said.

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TRAVEL UPDATE

Munich: A 36,525-Liter Beer Bash

MUNICH (Reuters) — Germany's largest and most famous beer hall, the Hofbrauhaus in Munich, celebrated its 100th anniversary Monday with a bash featuring deeply discounted beer prices and Bavarian brass bands.

The cavernous beer hall was offering 36,525 liters of specially brewed Hofbrauhaus beer at near-giveaway prices — one liter for each day of the last 100 years.

Flash floods caused a train to derail Monday near Cordoba in southwestern Spain, injuring four people. (AP)

Air traffic controllers in Ghana have gone on strike, but aviation officials said they had hired replacements to ensure flights operated normally. (AP)

WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.

Europe	North America	Europe	Asia
Algeria: High 16/54 Low 10/38 Austria: High 15/53 Low 10/37 Belgium: High 14/52 Low 9/36 Bulgaria: High 13/51 Low 8/35 Czech Rep: High 12/50 Low 7/34 Denmark: High 11/49 Low 6/33 France: High 10/48 Low 5/32 Germany: High 9/47 Low 4/31 Greece: High 8/46 Low 3/30 Hungary: High 7/45 Low 2/29 Ireland: High 6/44 Low 1/28 Italy: High 5/43 Low 0/27 Japan: High 4/42 Low -1/26 Korea: High 3/41 Low -2/25 Latvia: High 2/40 Low -3/24 Lithuania: High 1/39 Low -4/23 Luxembourg: High 0/38 Low -5/22 Malta: High -1/37 Low -6/21 Netherlands: High -2/36 Low -7/20 Norway: High -3/35 Low -8/19 Poland: High -4/34 Low -9/18 Portugal: High -5/33 Low -10/17 Romania: High -6/32 Low -11/16 Russia: High -7/31 Low -12/15 Slovakia: High -8/30 Low -13/14 Slovenia: High -9/29 Low -14/13 Spain: High -10/28 Low -15/12 Sweden: High -11/27 Low -16/11 Switzerland: High -12/26 Low -17/10 Taiwan: High -13/25 Low -18/9 Thailand: High -14/24 Low -19/8 Turkey: High -15/23 Low -20/7 Ukraine: High -16/22 Low -21/6 USA: High 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THE AMERICAS

Budget Surplus Burns a Hole in Lawmakers' Pockets

By Richard W. Stevenson
New York Times Service

WASHINGTON — After decades in which huge federal budget deficits cast a shadow over politics and the economy, Congress and the White House face the possibility that the government will begin running surpluses in the next few years, and already a heated debate is breaking out over what to do with the money.

Many conservative Republicans want to dedicate all or most of any surpluses to paying down the mountain of debt accumulated over decades of wars, recessions and fiscal profligacy. Other Republicans are pushing for tax cuts.

Members of both parties are eagerly promoting more spending on roads, bridges and other politically appealing construction projects.

Many Democrats lean toward additional spending on education and health programs.

White House officials and members of Congress are pondering how surpluses could help address the looming shortfall in financing for Social Security retirement benefits and the Medicare system of health insurance for the elderly.

That the debate is taking place at all strikes some officials as premature, given that the budget deficit, while falling rapidly, has not been eliminated, and may never be if the economy falters. Even if the economy remains robust, just talking seriously about surpluses could erode the political will needed to bring the budget into balance, they said.

"We need to stop hyperventilating and complete the job of balancing the budget," said John Kasich, Republican of Ohio, who is

chairman of the House Budget Committee.

The rapidly improving fiscal situation has nonetheless opened the door to a wide-ranging consideration of policy and political priorities as the glow of prosperity is beginning to alter the way official Washington addresses the nation's long-term problems.

The deficit for the government fiscal year that ended Sept. 30 was \$22.6 billion, its lowest level since the early 1970s. If the economy remains strong, many analysts say, the budget could show a surplus within the next several years and continue to do so for years to come.

"For 15 years or more the most important question you could ask about a public policy idea was what its effect was going to be on the budget deficit," said Franklin Raines, the White House budget director.

"Now you have to ask what an idea's contribution to the country is going to be and how does that compare to other options."

In its broadest terms, the debate is dominated by two camps. One considers reducing the national debt to be the best use of any surplus, likening the nation's fiscal condition to that of a consumer who has learned not to abuse a credit card but still must master the discipline to pay off the card's balance. The national debt is \$5.3 trillion, and interest payments on it account for 15 percent of all federal spending.

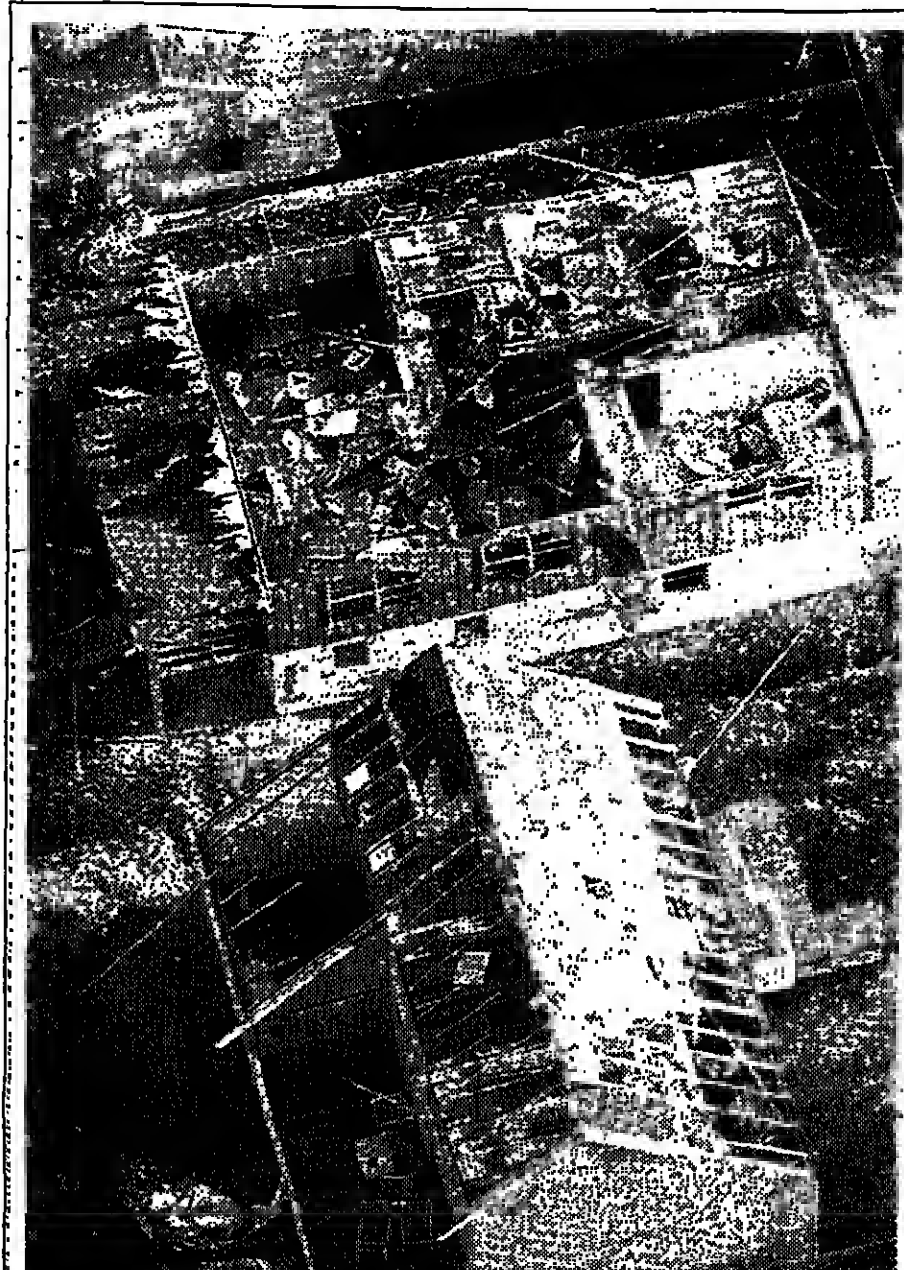
The other camp believes that there are more pressing uses for the money, from tax cuts to transportation projects to higher defense spending to improving school systems and access to medical care.

"Maintaining a surplus for use in reducing the national debt is good

policy but bad politics," said Robert Reischauer, a fellow at the Brookings Institution in Washington and former director of the Congressional Budget Office.

"It would help increase the productivity of the work force and national living standards, help keep interest rates down and significantly reduce the fraction of the total budget that goes to debt service," he said. "But those types of benefits are very distant and diffuse, and politicians want concrete rewards and immediate ones. So it's natural for this debate to begin, and it's likely to intensify."

The White House has taken a hard line against using any unexpectedly high tax revenues to finance any programs before the budget is balanced. But officials have begun meeting to discuss how to use any consistent surpluses.



TOPPED BY A TWISTER — Homes in New Smyrna Beach, Florida, after a tornado tore through the seaside community Sunday, damaging 300 buildings, injuring 32 people and knocking out power to thousands of residents.

Away From Politics

A 45-year-old New York City fisherman was swept away and four of his companions were injured when their boat capsized off the Rockaways, the police said. The accident took place on seas with 8- to 10-foot waves, the aftermath of a weekend storm that swept through the region. (NYT)

An 11-year-old boy called the police in Spokane, Washington, from a cellular phone and said: "I've been shot, and my mom shot me," the authorities said. The police officers who responded to the call found a 31-year-old woman and a 6-year-old boy shot to death inside a car. The 11-

year-old was in serious but stable condition with a gunshot wound to the chest. (AP)

At least four people were being sought for releasing an irritating chemical inside a Wal-Mart store in Barboursville, West Virginia. The chemical sent 32 people to hospitals and shoppers fleeing for fresh air. The authorities said surveillance video cameras recorded the suspects, who were believed to have sprayed the chemical from aerosol cans in six locations around the 24-hour store, forcing its closure for about eight hours. (AP)

A fire broke out in a 10-story Detroit apartment building, killing three people and injuring several others. (AP)

Ban in California Holds Up

Justices Bar Appeal of Anti-Affirmative-Action Law

The Associated Press

WASHINGTON — The Supreme Court on Monday rejected a challenge to California's Proposition 209, the measure that bans a person's race or sex from being a factor in state hiring or school admissions.

The court, disregarding arguments by a coalition of civil rights groups, let stand a ruling that said the anti-affirmative-action measure did not violate anyone's constitutional rights.

The Supreme Court's decision, which was made without comment, does not set any national precedent, but it could encourage voters in other states to adopt similar measures.

Michael Carvin, a lawyer for some backers of the measure, said he was "gratified but not surprised" that the court has rejected the other side's bizarre argument that ending racial discrimination is somehow discriminatory.

The 9th U.S. Circuit Court of Appeals ruled in April that Proposition 209, adopted by referendum in 1996, was a neutral measure that promoted equality.

But the appeal considered by the court on Monday argued that the measure relegated racial minorities and women to the status of second-class citizens in California.

The measure, an amendment to the state constitution, says the state and local governments cannot "discriminate against or grant preferential treatment to any individual or group on the basis of race, sex, color, ethnicity or national origin."

Opponents of the measure told the court that it would block even those government efforts to enforce racial or sex preferences that are "permitted or required" by the U.S. Constitution.

The amount of flexibility state and local governments have in such matters, the appeal said, "is one of fundamental and nationwide social and political significance."

The appeal said the measure sought "to lock shut" the window for action that past Supreme Court rulings had so "painstakingly left open."

public universities free to grant admissions preferences to "children of alumni, donors or friends of university officials," the appeal said. "Municipalities are free to grant hiring preferences to veterans or those with close political ties to local officials."

Only preferences based on race and sex would be banned, the appeal said.

In that sense, the appeal argued, the measure is as unconstitutional as a ballot initiative in Colorado that banned laws to protect homosexuals from discrimination.

In striking down the Colorado measure two years ago, the Supreme Court said it would

have made homosexuals there "unequal to everyone else."

Lawyers for California and several local governments in the state urged the justices to reject the challenge, which they called premature.

California's attorney general, Dan Lungren, told the court that "the fact that in some hypothetical case involving a particular set of circumstances" the application of the measure could raise issues of constitutionality did not warrant a review by the Supreme Court. Unlike the Colorado law, he said, "no group of persons is singled out for disadvantageous treatment" by the California measure.

POLITICAL NOTES

Donations Flap Kills Off Group

WASHINGTON — The national office of Citizen Action, one of the most effective grass-roots organizations on the left, has become the first victim of political and union fund-raising investigations that have already damaged the Democratic National Committee and the reform wing of organized labor.

The organization, which claims more than 2 million members, was forced last week to close its national offices and dismiss its 20 national staffers in the wake of a federal investigation in New York into the 1996 re-election of Ron Carey to the presidency of the Teamsters.

While the fund-raising inquiries also have highlighted Republican actions, the left is suffering the most. "Liberal donors, individuals and foundations, don't like being associated with what is going on now with money and politics," said Stan Greenberg, a Democratic pollster. (WP)

Election Finance Vote in House

WASHINGTON — Newt Gingrich says the House will join the Senate in taking up campaign finance legislation next spring. "We will have a vote either in March or April, in my guess, on campaign finance reform," the House speaker said Sunday.

He added: "There's some thought of letting the Senate go first" and seeing how that "works out." The Senate majority leader, Trent Lott of Mississippi, said last week that he will schedule debate on finance legislation no later than March 6. (WP)

Quote/Unquote

Doug Sosnick, counselor to the president, traveling with President Bill Clinton as he campaigned for Democratic candidates in the elections Tuesday: "Presidential visits are like Chinese food. They fill you up, but they don't last long. But since we're coming in late, I think we can have an impact." (NYT)

2d Oklahoma Bomb Trial Opens

Prosecutor Vows to Link Nichols to Planning of Blast That Killed 168

Reuters

DENVER — Federal prosecutors began laying out the evidence Monday in the murder and conspiracy trial of Terry Nichols, telling the jury he was responsible for the Oklahoma City bombing even though he was hundreds of miles away when it happened.

Mr. Nichols, the accused accomplice of Timothy McVeigh, who was convicted of the bombing and sentenced to death, was at home in Herington, Kansas, when the fertilizer truck bomb exploded on April 19, 1995. But the prosecutor, Larry Mackey, asserted in his opening statement that Mr. Nichols helped buy and hide the bomb's ingredients, stole money to finance the plot and stashed Mr. McVeigh's getaway car. The explosion killed 168

people, including 19 children, and wounded more than 500 others.

"Terry Nichols was a long, safe distance from the blast, just the way he had planned it," the prosecutor told the 12 jurors and six alternates.

"During the months before that day, Terry Nichols had been side by side with Tim McVeigh, together in their plan of violence," Mr. Mackey said. "Their plan succeeded."

Mr. Nichols, 42, faces the same 11 conspiracy and murder charges as his army buddy, Mr. McVeigh, who was convicted June 2 and sentenced to death 11 days later. Prosecutors say both men were motivated by rage over the 1993 federal religious compound in Waco, Texas, where about 80 people died.

Mr. Nichols, wearing a blue blazer and turtleneck sweater, listened to the prosecutor intently.

The defense attorney, Michael Tigar, whose opening statement began after the prosecutor's, was expected to argue that Mr. Nichols was not part of Mr. McVeigh's bombing plan and to hammer home the fact that Mr. Nichols has an alibi in Kansas on the morning of the blast.

The prosecution said the government has significant physical evidence connecting Mr. Nichols to the bombing.

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A BETTER APPROACH TO BUSINESS

INTERNATIONAL

Senegalese Try to Pluck a Living From Seas Teeming With Bigger Rivals

By Stephen Buckley
Washington Post Service

MBOUR, Senegal — Nearly two hours ago, when two fishing boats — the Mbaye Thourfi Gueye and the Matar Gueye — began their day's journey in the early morning, the sun was warm and soothing. Now it is sharp and hot, like shards of glass on the skin.

And the boats have not a single fish to show for their toil. They have not even been able to put down a net. They slice through the glistening, clear green Atlantic waters, six kilometers (four miles) offshore, seeking fish, but the men aboard spot only clusters of sardines. They see no fish they can sell.

Maguette Dieng, the fisherman in charge of the boats, recalls days when he could go out less than a kilometer and find enough fish to fetch hundreds of dollars from wholesalers. Now, with a flood of industrial vessels, many from abroad, and overwhelming numbers of Senegalese fishing these waters, he is lucky to find fish even this far out. "We used to try to catch what we wanted," Mr. Dieng, 27, said in his native language, Wolof, through an interpreter. "Now we catch what we find."

Mr. Dieng's day-to-day struggle to survive is mirrored in countless lives around this continent. Thirty-one countries in sub-Saharan Africa lie on the Atlantic or Indian oceans. Some rely heavily on all or the sea because of limited coastline or lack of harbors; others, notably Senegal, depend on fishing as a livelihood and for government revenue.

In recent years, traditional, or small-scale, fishermen in this West African country have seen their individual catches shrink as fishing has become more lucrative. They have seen fellow fishermen, as well as more than two dozen industrial vessels from Asia, Canada and Europe, carve into their piece of the Atlantic. "When fish want to move closer to the coast, the big European boats catch them first," Mr. Dieng said. "It's not good for us, but it's very profitable for the Europeans."

For people such as him, the sea is not just the source of family income. Five generations of his family have labored as fishermen. The sea is as important to him as air itself.

"All my life depends on the sea, on the ocean," said the bearded, muscular father of

three. "My whole family depends on the sea — my father, my brothers, my wife, my children." Babacar Ndiaye, Mr. Dieng's grandfather, added, "The sea is part of me."

Mr. Dieng's father, Djibé Ndiaye, does not know if his five grandsons will say the same thing. "Life will be harder for my grandsons because of the reduction of fish resources," he said. "So they will have to try doing something else, and that will be very difficult."

It is hard to overstate how much a town such as Mbour, 80 kilometers south of Dakar, the capital of Senegal, relies on the sea. Families eat fish several times a day. Some schools get their ink for pens from cuttlefish. Shark vertebrae are fashioned into necklaces for tourists, and dried, gutted moonfish become lamps. Seaside sand is mixed with cement for bricks. Rocks from the beach form foundations for houses.

By late afternoon, as dozens of fishing boats return to shore, the beach is a sweaty, noisy, teeming place, where a smothering stench — raw fish — catches in clothes and in pores. All over the shore, men scale, gut, smash, slice, smoke and pile up fish. Women curse their babies by the

water. Men kneel and bow eastward and pray. Babacar Ndiaye, Mr. Dieng's grandfather, takes in the scene quietly. Mr. Ndiaye, with a friendly round face framed by a two-day growth of white beard, comes every morning at 6 to sit by the sea, and he stays virtually all day. He relaxes under a shelter with other retired fishermen. He said what galls him most these days is that fishermen do not care much about their craft. "You have to be trained, you have to learn the techniques of fishing," he said, "just as if you were going to school for anything else."

Mr. Ndiaye began fishing on his own at 12, after his father trained him for five years. He used to be out on the water by 4 A.M., returning around sunset. He would go home for a few hours, then be back in the water all night. He followed the stars for direction and used the moon for light.

In those days, fishermen worried primarily about making enough to feed their families, buy equipment and build and repair their boats. Fishing was about survival and community. That was before unemployment in parts of Senegal rose to 45 percent and men turned to fishing because there was simply nothing else.

The number of fishermen using traditional methods has soared in recent years. The number climbed by nearly 8 percent between 1991 and 1995, topping 50,000, and economic analysts expect the increase to continue. In 1991, small-scale fishermen snagged 249,724 tons of fish. By 1995, that figure had risen to 265,744 tons.

As a result, fishing has become sharply competitive. Industrial vessels, once rare, are becoming increasingly numerous.

"Today, fishermen can make money," Djibé Ndiaye said. "They know how to save it, and earn more. It's good because they can use that money to go into another business. The bad side is that the government doesn't help small-scale fishermen anymore. The government favors the larger boats."

It does so because vessels from Europe, Asia and Canada pay huge fees — one reason fishing generates an estimated 70 percent of the government's annual revenue.

Senegal signed a four-year agreement this year with the European Union allowing fishing vessels from EU countries into close-in waters long dominated by traditional fishermen.

THAILAND: Prime Minister Steps Aside

Continued from Page 1

choices, Mr. Chaowalit's failure was his inability to break the mold in a political system characterized by corruption, patronage and ineffectiveness.

"What is the role of politicians if not to help businessmen?" Mr. Chaowalit said last night.

And: "Vote-buying, money politics; it is a very bad thing. But in politics to be a purely good guy all the time is very difficult."

As a longtime player, Mr. Chaowalit, 65, a retired army general, personifies the political stormtrooper that economists say have deepened Thailand's economic crisis and could make its recovery slow and painful. In a region whose most successful economies are run by elected autocrats, Thailand's democracy is a chaotic anomaly. Since the nation became a constitutional monarchy in 1932, parliamentary democracy here has meant a repeating cycle of governments, constitutions and coup attempts.

Last month, Singapore's senior minister, Lee Kuan Yew, in an unusual breach of regional etiquette, blamed Thailand for Southeast Asia's economic crisis and said its political system was the root of its problems.

"Many Thai leaders in government and opposition," he said, "have personal interests in the fate of finance companies and banks, hence a natural reluctance to discipline them. So warning signs were ignored and remedies postponed."

Mr. Chaowalit has pointed out that he did not create the economic problems. "We were already at the edge when I took office in December 1996," he said last month. "It was clear that the economy was in great danger then."

Like his predecessors, Mr. Chaowalit headed a tenuous multiparty coalition whose competing political and financial ambitions have made creative leadership nearly impossible.

At the outset, coalition politics forced him to abandon his promise to install a

"dream team" of technocrats to heal the economy. Infighting continued as the baht fell by more than 40 percent and the stock market slumped sharply. Even after accepting a \$17 billion bailout package led by the IMF in August, the government has been unable to produce the required austerity program.

Some experts say the falling baht and sinking prospects for growth may mean that Thailand will need to ask for still more international assistance.

The government's boldest steps in meeting IMF requirements for a balanced budget illustrate the problems. At the urging of the finance minister, Thanong Bidaya, it imposed a politically unpopular fuel price increase last month. Two days later it gave in to public protests and rescinded the tax, leading Mr. Thanong to resign.

"Thailand's business community has only itself to blame for this passage of events," said former Prime Minister Anand Panyarachun.

"It was negotiation and compromise between politicians and business that held the foundations for the bust. The current recession in the Thai economy is a direct result of the political mismanagement of recent years."

Markets Await Clear Signal
Thomas Crampton of the International Herald Tribune reported earlier from Bangkok:

While the markets Tuesday are thought likely to cheer the unpopular Mr. Chaowalit's resignation, analysts said prolonged uncertainty over a successor would further undermine confidence in the economy.

Callers to radio talk shows on Monday cheered Mr. Chaowalit's imminent departure, but analysts said no real change could take place as long as the same six parties remained in power.

"With the same coalition, the new government will be short-lived and extremely unstable," a political analyst said. Even the much-respected Mr. Prem could do little to discipline the unruly coalition, the analyst said.

In his seventies and sitting above politics as privy counselor to King Bhumibol Adulyadej, Mr. Prem led Thailand through a major economic upheaval and international bailout in the early 1980s. He is one of the few Thai prime ministers to have completed a full term in office.

But some analysts doubt Mr. Prem would be willing or able to clean up the present crop of politicians.

"Prem is not that much of a fool to accept the job as it now stands," said Mootri Chenvidyakarn, who was deputy spokesman for Mr. Prem's government. "If he took the job he would die a disgraced man because he cannot succeed with the current politicians."

Arporn Chewakrengkrai, chief economist at Deutsche Morgan Grenfell, said initial market reaction would be positive, but that the situation would get "more negative if the same people end up running the new government."

The baht, which hit a record low of 41.20 to the dollar last week, firmed in the offshore market on the resignation news, to 39.50 from 40.05.



Service stations in Nantes, western France, had been emptied of gas by the time the strike started on Monday.

FRANCE: Highway Siege

Continued from Page 1

cause of a shortage of parts.

The strikers are demanding a salary increase to 10,000 francs (\$1,724) a month from about 7,700 francs, and a reduction in working hours to 200 hours a month from about 250 hours.

At the same time, the employers' organization representing 80 percent of the industry drew criticism for having walked out of the talks. They offered to raise drivers' salaries by 5 percent a year to reach an annual salary of 120,000 francs by 2001, but refused the union's demand for a cap on monthly working time.

It was the fourth truckers' strike in little more than a decade and followed a 12-day stoppage a year ago, when the drivers gained the experience of causing the maximum amount of economic chaos by throwing up blockades at key choke points.

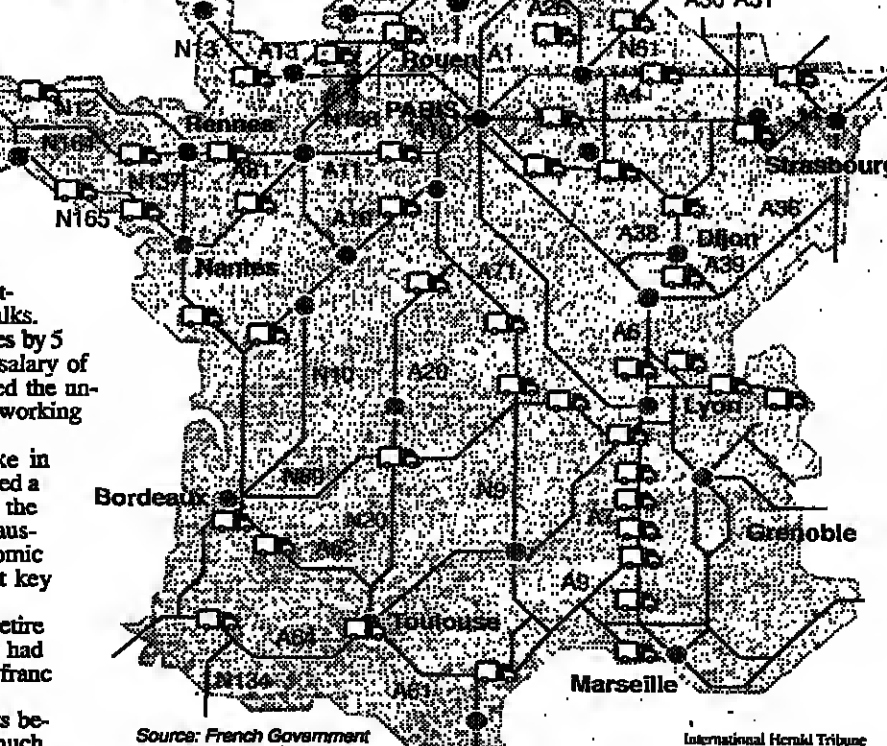
Last year, they won the right to retire at age 55, but said most employers had reneged on a promise to pay a 3,000-franc bonus.

The strike had widespread effects beyond France's borders, blocking much of the Continent's trade, and cutting off Spain and Portugal from their markets and suppliers in northern Europe.

Most Italian truck companies also use French roads to the north because of weight restrictions on Swiss roads and ecological limitations in Austria.

The Channel Tunnel between France and England remained open, but a spokesman said little freight traffic was moving in either direction. Ferry chan-

Principal Truck Barricades in France



Source: French Government

International Herald Tribune

nel ports were brought to a standstill, and Belgian and Dutch ports serving Britain also reported light traffic.

The Road Haulage Association in Loodoo said Britain could suffer shortages of meat, fresh fruit and vegetables, cheese and wine if the strike persisted. In Spain, growers flooded the markets with vegetables and fruit they could not ship through France.

JIANG: U.S. Visit a Success

Continued from Page 1

has become "more disciplined" over the past two years in its willingness to stick to the three diplomatic communiqués that form the basis for U.S.-China relations.

The documents essentially outline an agreement to disagree about Taiwan, with the United States recognizing Taiwan as part of China but maintaining that any reunification should be peaceful.

From the Chinese point of view, relations were badly ruptured by the American decision to grant President Lee Teng-hui of Taiwan a visa to go to Cornell University in June 1995, while the Americans were most disturbed by China's decision to conduct missile tests off the coast of Taiwan just before a presidential election there in March 1996.

Mr. Qian said that China had won reassurances during the summit meeting that the United States would not change its position supporting "one China," nor would it support Taiwan's bid to rejoin the United Nations, where it was a member until it was ousted in favor of Beijing in 1971.

Some Chinese leaders had hoped that Mr. Jiang's visit might yield a bigger prize: American support for China's entry into the World Trade Organization.

American officials say that China has to make more concessions in opening its domestic markets before it can join the organization. But political considerations have also played a part, since concerns about Asian contributions to the Democratic Party campaigns made the Clinton administration reluctant to be seen making an extra effort on China's behalf.

Separately, the two sides issued a joint statement agreeing to work toward a "constructive strategic partnership" that increases diplomatic cooperation and avoids confrontation.

Despite the vague wording, the agreement is something Mr. Jiang can wave as a sign that he is handling foreign affairs constructively.

Above all, Mr. Jiang's visit gave him the opportunity to build on his recent domestic political success, to demonstrate that he was in charge of foreign affairs as well as national ones.

"This is Jiang's year," Mr. Wang said, referring to Mr. Jiang's political success in smoothly handling the transition following the death of Deng Xiaoping last February, the return of Hong Kong to Chinese rule on July 1, and the Communist Party Congress in September, where he consolidated his authority by ousting some major rivals.

"He wanted the help of the American government to build up his image," Mr. Wang said. "And he got it."

VOTE: Off-Year Elections Set Stage for '98

Continued from Page 1

plus a heavy infusion of funding from the Republican national party, appears to have given him a narrow lead.

His Democratic rival, Donald Beyer Jr., the two-term lieutenant governor, had hoped to win over voters, especially women, with his plans to improve public schools and his support for abortion rights. His ads sought to link Mr. Gilmore to the religious right.

But his criticism of Mr. Gilmore's tax-cut message fell flat. Mr. Beyer argued that the Republican's proposal might be rejected by the state legislature, that it might not be constitutional and that the state could ill afford it. He also sought to portray himself as the purveyor of "a nobler vision" and teller of hard truths. But his ideas failed to register with voters, and in the end he offered his own, more modest tax cut. Critics said that left him looking indecisive.

If Mr. Gilmore wins, others are likely to follow his approach: Force an opponent onto the defensive on an issue that goes to voters' pocketbooks, while largely sidestepping sometimes troublesome social issues, like abortion and education. Republicans have spent heavily in New Jersey to support the re-election campaign of Governor Christine Todd Whitman, who has been considered an effective moderate with broad national appeal.

Yet, while she is credited by many with the state's economic rebirth, a 23 percent drop in the crime rate and a paring of the welfare rolls, Mrs. Whitman has found herself in a close race with a little-known

rival, State Senator Jim McGreevey. That is partly because she gained the disdain of anti-abortion activists and the conservative Christian right by vetoing a state bill to ban late-term abortions.

That issue has optional significance as the Republican Party, the victim of a "gender gap" in recent elections across the nation, seeks to build support among women and suburban voters who consider themselves fiscally conservative but socially liberal.

Mrs. Whitman has also been hurt by Mr. McGreevey's ability, like Mr. Gilmore in Virginia, to seize and exploit a single issue that resonates with voters: high auto insurance rates and property taxes. New Jersey's rates in both categories are the highest in the country.

The race in Brooklyn and State Island to replace Ms. Molinari is also seen as an indicator of how the elections next year will play, with substantial contributions from the national Republican Party being largely offset by donations from organized labor for the Democratic candidate.

The Republican, Vito Fossella, a City Council member, has sought to hitch his star to Mr. Giuliani's wagon, frequently touting his "close working relationship" with the mayor. Pledging not to vote for any tax increases in Congress, he challenged his Democratic opponent, Eric Vitale, to do the same.

The John Zogby polling organization has predicted that Mr. Giuliani, respected for cleaning up the city and cutting crime, will win up to 65 percent of the vote against his Democratic opponent, Ruth Messinger, the Manhattan borough presi-

British Rock Band Is Stranded in Lille

Reuters

LONDON — Britain's top-selling rock band Oasis fell victim to the French truck drivers' strike Monday when it was forced to cancel three concerts in France.

Oasis had been due to play a charity concert in Paris on Tuesday and had shows lined up in Angers and Bordeaux. But their equipment has been stranded in Lille in northern France by the truckers' blockades, a spokesman for the band said.

"They are very disappointed about the concerts but they are looking at rescheduling them for a later date," the spokesman said.

The tour will resume on Nov. 8 in Zaragoza, Spain.

Analysts said a big victory could propel him to a candidacy for the U.S. Senate, or even the presidency, in 2000.

In Oregon, Tuesday marks the last day of a mail referendum on repealing a 1994 referendum in which voters narrowly supported physician-assisted suicide. Court challenges had prevented its implementation.

If the repeal measure fails, and there are no court-ordered delays, the state health department will issue regulations that will free doctors to prescribe lethal medication to terminally ill patients who seek to end their lives.

About 20 states are considering similar right-to-die laws.

MALAYSIA: Mahathir Means Business

Continued from Page 1

was admitted as the 16th member on Monday.

At the opening of the meeting, which followed several months of turbulence in the world's financial markets, it was clear what problems were on the leaders' minds.

Amid a flurry of speeches, the group expressed "deep concern" over speculative activity and called for help from the International Monetary Fund and the World Bank to "study recent developments in currency markets with a view to making them more open and transparent."

President Suharto of Indonesia, which on Friday received a \$23 billion economic stabilization package from the IMF, said the United Nations should help regulate the global economic system.

And Mr. Fujimori said the turmoil was compromising development and "forcing us to strengthen the financial sector and create an international mechanism that allows us to face efficiently and adequately problems of monetary stability."

But it was Mr. Mahathir who offered the most stinging criticism of the world's financial markets. If rules were not drawn up for currency trading, he said, "the fight for independence will have to begin all over again, for the present market rules will surely result in a new imperialism more noxious and debilitating than the old."

He added: "Since the beginning of

time, market forces by themselves have been exploitative. Thus a few bottles of whisky was the price paid for Manhattan Island and glass beads were traded for valuable goods and treasures belonging to indigenous people, the simple and trusting natives."

At home and during his many trips abroad, it has been this hunch that has raised his profile — and Malaysia's — as the developing world.

"Time and time again, what I hear is that he's got guts to open his mouth," said Abdul Razak Abdullah Baginda, executive director of the Malaysian Strategic Research Center.

"The high profile has certainly led to people knowing where Malaysia is in the world."

And it seems to be paying off, too. Malaysia's total trade with G-15 countries, although still small compared with the country's total external trade, was \$6.6 billion last year, three times the level in 1990.

"That's a small drop in the bucket," said Mohamed Ariff, executive director of the Malaysian Institute of Economic Research. "But there's also been quite a lot of Malaysian investments in some of these countries which could generate more trade."

Raphael Auphan, general manager at Gemplus, a French company involved in a joint venture in Kuala Lumpur, added: "If you look at Malaysian companies, they are not investing in Europe or the U.S., they are investing in African countries, high-potential countries, where they can transfer their expertise."

EUROPE

London Won't Press U.S. Over Convicted Au Pair

It Rebuffs Lawmaker on Diplomatic Pressure

Compiled by Our Staff From Dispatches

LONDON — The British government rejected on Monday a call by the legislator representing Louise Woodward's home constituency to use diplomatic pressure on the au pair's behalf if she appeals her conviction in the United States for murdering a baby in her care.

Andrew Miller, a member of Parliament from the governing Labour Party, told Baroness Liz Symons, a minister of the Foreign Office, that speed would be vital for any appeal in the United States by Miss Woodward.

Miss Woodward, 19, was found guilty last week in Cambridge, Massachusetts, of the second-degree murder of 8-month-old Matthew Eappen and was given a mandatory life sentence that would require her to serve at least 15 years in prison.

The sentence provoked anger and disbelief in Britain, where newspapers mounted campaigns to get the au pair freed and public donations flooded in to fund a fund set up to help pay her legal fees.

After his meeting with Baroness Symons, Mr. Miller said: "The government obviously cannot and should not

seek to interfere in the judicial system of a well-developed democracy. But it is important that ministers are aware of what has gone on so that if the case goes to appeal, pressure is brought through diplomatic channels to ensure that the appeal is held early."

Mr. Miller, who wore a yellow ribbon to mark his belief in Miss Woodward's innocence, noted that appeals in U.S. criminal cases can take up to two years to come to court.

Hiller Zobel, a Superior Court judge, has invited Miss Woodward's defense lawyers and the prosecution to argue whether he should reduce the charge she was convicted on, set aside the verdict or order a new trial, the three alternatives he is allowed under state law. Those arguments are scheduled for Tuesday.

Some legal experts say it is rare for a jury's verdict to be set aside, but Judge Zobel ordered a new trial in 1984 for a former policeman convicted of second-degree murder in the killing of a friend.

Defense lawyers were expected to seek a change in the conviction, and the prosecution said it was flexible only on the issue of a reduction. (Reuters, AP)

Cosmonauts Repair Mir Panel

The Associated Press

MOSCOW — Two Russian cosmonauts dismantled a failing solar panel Monday on Mir and found time to do some more repairs on the battered space station despite last-minute problems with a space suit.

The six-hour spacewalk went smoothly with the Mir commander,

Anatoli Solovyov, and Pavel Vinogradov quickly removing the solar panel. A new panel is to be installed Thursday.

It was another bit of good news for Mir, whose crew has been trying to reverse the effects of a collision in June and a string of other mishaps. Several recent repair missions have gone well.

Writer on Diana's Death Is Sued by 8 Paparazzi

The Associated Press

PARIS — Eight photographers under investigation for their role in the crash that killed Diana, Princess of Wales, sued a French writer on Monday whose book blamed paparazzi for the princess's death.

The photographers contend that the author, Madeline Chapsal, violated their presumption of innocence in her book, "They Killed Her," published shortly after Diana's death Aug. 31.

The photographers want a judge to order the censorship of several passages in the book and are seeking 100,000 francs (\$17,250) in damages.

In the book, Miss Chapsal likens the pho-

tographers' automatic cameras to machine guns and shotguns that she said were pointed at the princess. She also depicts photographers as a pack of hounds during a hunt.

The eight photographers suing Miss Chapsal are Romuald Rat, Christian Martinez, Stephane Darmon, Serge Arnel, Nicolas Arsov, Jacques Langevin, Lazlo Veres and Serge Benamou.

The eight were among the photographers at the scene of the car crash in a Paris traffic tunnel that killed Diana, her boyfriend, Dodi Fayed, and the driver, Henri Paul. Only a bodyguard, Trevor Rees-Jones, survived.

Tests showed that Mr. Paul was drunk and had taken prescription drugs before the crash.

BELGIUM: A Cellar of Bones Stirs the Country

Continued from Page 1

spokesman for the Brussels public prosecutor, has confined himself to saying that the bones of at least two bodies have been found and that Mr. Pandy is suspected of at least six murders. But the national imagination — grown prolific in the field of the gruesome — has proved impossible to curb.

"We are a society in an advanced state of decomposition," said Claude Javeau, a professor of sociology at Brussels University.

The two communities, French-speaking and Flemish, have less and less to do with each other. Authority is confused, especially here in Brussels, the only city that holds the country together. In this context, a succession of sinister cases, culminating with Pandy, have created a sense of trauma.

Certainly, trauma is evident outside the three houses owned by Mr. Pandy, a thick-set naturalized Belgian who fled Hungary in 1956 after the Soviet Union crushed the uprising there and who took up what appeared to be a quiet life giving religious instruction.

again told the police of her suspicions about her father in a formal statement in 1992.

But inquiries led to nothing, and it was only in the aftermath of the Dutroux case, when a parliamentary committee ordered the reopening of all judicial dossiers on missing people, that the case of the pastor was taken up again this year.

This belated action has reinforced a sense that confusion often prevails — with the federal, communal, regional, European, French-language and Flemish authorities all overlapping in Brussels.

According to the Belgian police, Mr. Pandy married for the first time in 1956, shortly before he fled Hungary.

His wife was Ljona Sores, who has disappeared and is now believed to have been killed. The couple had three children — Agnes, who lives in Belgium, and two boys, Daniel and Zoltan, who are missing and also believed killed.

In 1979, Mr. Pandy wed again. His second wife, Edith Fintor, a Hungarian, is among those missing and believed dead.

She had three daughters from a previous marriage, two of whom — Tunde and Andrea — are also thought to have been killed by Mr. Pandy.

The couple had two children together, Andras and Reka, born in 1980 and 1981 respectively. They are alive.

Judicial officials said Mr. Pandy had long maintained the fiction that his missing wives and children, all of whom are thought to have been killed between 1986 and 1990, had abandoned him and returned to Hungary.

He produced letters that he said had been sent by them from Hungary. In 1994, he even obtained a divorce in Hungary from Edith Fintor — a woman who, the police now feel, had been dead for several years.

Last week the Hungarian police began searching a house that Mr. Pandy owned at Dumakeszi, about 30 kilometers (20 miles) north of Budapest, where neighbors have said the pastor was often seen in the company of a number of women.

The Belgian police say Mr. Pandy lured various women to Brussels by placing advertisements in the Hungarian press, and Mr. Colpin of the public prosecutor's office has said that there may be further victims among them.

The police here also said they were investigating reports from the Hungarian police that one of Mr. Pandy's stepdaughters may have had a child by him in 1984 and that he was bringing Hungarian women to Belgium to work as prostitutes.

How Mr. Pandy could afford four houses, why he was able to move freely back and forth between Belgium and Hungary, even during the Cold War, and what the real purpose was of a Brussels social club he established are among the questions still unanswered.

"You have murders and mysteries in every country," said Agathe Marcianak, another neighbor of the pastor. "But in Belgium it seems more extreme."

"You no longer know who you are talking to and you have the feeling that beneath this calm surface, anything could happen."

'You have murders and mysteries in every country. But in Belgium it seems more extreme.'

In the modest Molenbeek district, beside a canal, at a house from which three thigh bones, three knee-joints and some apparently suspect frozen meat have already been removed, neighbors stand gaping at the pastor's home with its forbidding reinforced doors.

"I used to wonder about those doors," said Abderrahman Jafari, a Moroccan immigrant who lives in the neighboring house. "He put them in about a year ago and it seemed strange because he almost never came to the house. But he was a quiet man, a pastor, so I never approached him. Now I wonder if he also dropped bodies in the canal."

On the other side of the canal, at the four-story house where Mr. Pandy lived, police stand guard as preparations are made for a search with scanning equipment that was used in Britain to investigate a serial-murder case there.

"I wouldn't say that I'm shocked because we've grown used to this kind of thing," a police officer said. "But it is frightening."

Apart from the Dutroux case, a series of 28 daylight murders during the late 1980s, mainly committed outside supermarkets in the French-speaking south of the country, has never been solved.

Nor has the case of a serial killer now operating in the Mons area, in southwest Belgium, who has cut up at least five bodies and dumped them along roads and rivers. The discovery last year of three women in the freezers of a Lebanese restaurant in Brussels also contributed to people's fears.

What is particularly alarming to many Belgians is the fact that one of Mr. Pandy's daughters, Agnes, first reported to the police in 1987 that family members were missing and

BRIEFLY

Leaders in Balkans Open 2-Day Meeting

HERAKLION, Crete — A high-level, two-day meeting aimed at settling differences among Balkan nations opened here Monday with attention focused on tense relations between Greece and Turkey.

Prime Minister Mesut Yilmaz's participation in the eight-nation meeting marked the first visit of a Turkish leader to Greece since 1988.

Mr. Yilmaz was scheduled to meet Prime Minister Costas Simitis of Greece on the sidelines of the conference to try to reduce tension heightened by military exercises by both their countries in the Aegean Sea.

Also attending were the presidents of Yugoslavia and Macedonia, the prime ministers of Albania, Bulgaria and Romania and the deputy foreign minister of Bosnia. (AFP)

Polish Military Ties

WEIMAR, Germany — The German, French and Polish defense ministers announced Monday a three-year program of joint military exercises to help prepare Poland to enter NATO.

The three armies, navies and air forces will hold annual exercises beginning next year.

Poland is scheduled to enter the military alliance, with Hungary and the Czech Republic, in the first half of 1999. (AP)

Havel Feeling Better

PRAGUE — The condition of President Vaclav Havel of the Czech Republic, who was admitted to a hospital during the weekend with a fever and



Prime Minister Mesut Yilmaz of Turkey putting an arm around President Kiro Gligorov of Macedonia at the Balkan meeting.

pneumonia, has improved, his medical team said Monday. Mr. Havel, 61, was taken to the Central Military Hospital in Prague after his doctors tried to treat a viral infection in his lungs at his home.

He is expected to remain in the hospital for the rest of the week.

Last Thursday, he canceled a visit to Britain scheduled this week after doctors said he had contracted a viral infection that had exacerbated his chronic bronchitis, 10 months after cancer surgery on his lungs. (Reuters)

Papon Back in Court

BORDEAUX — The war crimes trial of Maurice Papon continued Monday with the 87-year-old French-

man once again brought to court from a hospital, where he has been treated for bronchitis.

A lawyer for Mr. Papon, who is accused in the deportation of more than 1,500 Jews during World War II, said he would remain at the hospital "perhaps for a few more days" although he was well enough to attend the trial.

The court case resumed last Friday following a one-week gap after the former cabinet minister fell ill on Oct. 24. He was diagnosed as suffering from severe bronchial infections of both lungs.

This week the trial is expected to revive debate over the extent of the wartime Vichy government's role in deporting Jews to German death camps, with more historians due to give testimony. (AFP)

U.K. Detains A Former Spy For Planning To Write Book

Reuters

LONDON — A former member of Britain's MI6 intelligence service was charged Monday with disclosing information about the agency to outsiders.

A court ordered that Richard John Charles Tomlinson, 34, be held until he appears in court again next week.

Mr. Tomlinson was charged under the Official Secrets Act, in what was thought to be the first such prosecution since 1961. If found guilty, he could face two years in prison.

The lawyer for the prosecution, Dru Sharpling, said that after leaving MI6 in 1995, Mr. Tomlinson told his former employers that he was writing a book, and MI6 took court action to prevent publication.

"Nevertheless in May of this year it was discovered that he might be intending to write a book and to give that book to publishers in Australia," she said.

Mrs. Sharpling said that the spy agency feared Mr. Tomlinson might try to publish his book on the Internet, and that, because he has dual British and New Zealand nationality, he might try to leave Britain.

Mr. Tomlinson's lawyer, Owen Davies, said the former MI6 man was not guilty of "betraying secrets to an enemy." Adding that he was not "a man who is dangerous to his country."

The last MI6 officer to be arrested on an official secrets charge was George Blake, who in 1961 was sentenced to 42 years in prison for spying for the Soviet Union. Mr. Blake escaped from prison five years later and now lives in Moscow.

Southern Africa Trade & Investment Summit

Botswana, November 18-19, 1997

President Ketumile Masire and fellow heads of state from the region will lead discussions at the International Herald Tribune's third Southern Africa Trade & Investment Summit to be held in Gaborone on November 18-19. The Presidents will be joined by business and finance leaders from the region, as well as renowned international figures and senior representatives from some of the world's leading companies currently investing in Southern Africa.

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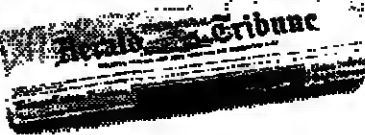


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ASIA/PACIFIC

Jailed Son of Korean President Freed New Post Of Adviser On Tibet Irks China

Kim Hyun Chul, Convicted of Bribery and Tax Evasion, Gets Bail

SEOUL — President Kim Young Sam's second son, convicted and sentenced to three years in prison last month on charges of bribery and tax evasion, was released from prison Monday on bail.

Kim Hyun Chul rode in the back seat of a black sedan, television footage showed. His face was pale but he smiled faintly as the car left the prison compound here.

The court granted Mr. Kim's request for bail on grounds there was no danger he would tamper with evidence or flee the country, Judge Park Hyung Nam of the Seoul High Court said.

"We also took into consideration the fact that no one has ever been jailed for tax evasion in South Korea," the judge said.

He added that bail was posted at 100 million won (\$103,670) and that Mr. Kim would have to apply to the court for permission to travel within South Korea or abroad for more than three days. Mr. Kim was to live at his home in Seoul.

Mr. Kim, 38, was charged and sentenced on Oct. 13 for taking kickbacks worth 3.22 billion won in return for favors and evading taxes on 3.39 billion won he took as gifts. He denied the money constituted bribes, saying the funds were donations to finance a future parliamentary campaign.

He was regarded as a close adviser to his father, heading an organization that helped make Kim Young Sam the first freely elected president in South Korea in four decades.

Prosecutors charged he accepted the kickbacks in return for a cable television license, a fast-food franchise and fixing a court case. He was also convicted of evading taxes by hiding some of the money in bank accounts under a false name.

Mr. Kim's arrest and conviction has damaged the credibility of his father, who has been reduced to lame-duck status ahead of presidential elections scheduled for Dec. 18.

The president is constitutionally barred from seeking re-election after his

five-year term ends in February 1998.

President Kim's image had already been tainted when a number of his close political associates were sentenced to jail in a separate bribery scandal revealed by the collapse of Hanbo Steel Co. in January.

Last month, the president amnestied 23 businessmen who had been convicted of bribery, tax evasion and embezzlement. They had repeatedly appealed for leniency, saying their convictions were hampering their companies' overseas activities.

At the time of the amnesty, Justice Minister Kim Jong Koo said, "This special amnesty is to allow the heads of conglomerates to use all their strength to work for the economy, which is in a difficult situation."

Politicians and government officials who were charged along with the businessmen were excluded from the pardon. Covered by the amnesty were 14 executives of Hyundai Corp., who were convicted either of evading taxes or of embezzling company funds.

Of Adviser On Tibet Irks China

Reuters

BEIJING — China on Monday denounced the U.S. government's appointment of a policy adviser on Tibet and said foreigners should not meddle in China's rule of the Himalayan region.

A spokesman for the Foreign Ministry, Tang Guoqing, said China had told Washington that Beijing "resolutely opposes" the new post of U.S. policy coordinator for Tibet.

Mr. Tang, in a statement carried by the official Xinhua News Agency, said: "Tibet's affairs are part of China's internal politics. No foreign country should, nor has the right, to meddle or interfere."

The Clinton administration, bowing to congressional pressure, agreed to create the policy coordinator's post. Secretary of State Madeleine Albright on Friday named Gregory Craig, head of the State Department's Office of Policy Planning, to the job.

Washington does not contest Chinese rule over Tibet, but it has urged Beijing to open talks with the Dalai Lama, the spiritual leader of Tibet.

A Peace Feeler In Afghanistan

The Associated Press

ISLAMABAD, Pakistan — For the first time in months the Taliban Islamic army and its opponents in Afghanistan have moved closer to the negotiating table, a senior United Nations official said Monday.

The breakthrough came last week when an opposition leader, Abdul Rashid Dostum, released about 200 Taliban prisoners and said he would participate in peace talks in Pakistan. The Taliban responded by accepting a list of some 200 men apparently being held by the army, the official said.



Jenny Shipley, heir apparent to New Zealand's prime ministership, on Monday.

A Shake-Up in New Zealand

Prime Minister to Resign, Paving Way for Rival's Rise

The Associated Press

WELLINGTON — Prime Minister Jim Bolger said Monday that he would resign at the end of the month rather than face a tough battle for political leadership.

After late-night negotiations with a rival, Transport Minister Jenny Shipley, Mr. Bolger issued a statement saying that he would step down as prime minister and leader of the National Party to allow an "orderly transition" to new leaders of New Zealand's coalition government.

His resignation would pave the way for Mrs. Shipley to be elected leader of the National Party at a caucus meeting on Tuesday and become New Zealand's first female prime minister.

Mr. Bolger's announcement, made shortly before 11 P.M., followed a day of intense negotiations. He spoke after Mrs. Shipley gave him an ultimatum either to go quietly or face an aggressive, potentially humiliating leadership challenge.

Having now completed over seven years as prime minister, nearly 12 years as leader of the National Party and 14 years as a minister, changing circumstances makes it appropriate for me to step down as prime minister," Mr. Bolger said. "I plan to work with my successor to achieve an orderly and successful transition in the interests of the National Party, the coalition government and the country."

Mr. Bolger, 62, has led the National Party since 1986 and has been prime minister since 1990. His announcement followed months of speculation that Mrs. Shipley had been preparing to exploit dissent among government members about the state of the coalition with the New Zealand First party by challenging Mr. Bolger's leadership.

The timing of Mrs. Shipley's move, made just days after Mr. Bolger returned from an official visit to Britain and France, took many by surprise.

Speculation reached a peak on Monday when local media reported that the change in leadership was a fait accompli and that the only undecided question was whether Mr. Bolger would go quietly or have to be forced out.

Mrs. Shipley, 45, is the only leader who has received fairly consistent high ratings in national preference polls for the post of prime minister.

Before his departure for Europe, Mr. Bolger began moving to head off Mrs. Shipley and shore up his own support by shifting his platform more toward Mrs. Shipley's relatively conservative stance.

The daughter of a church minister and a mother of two, Mrs. Shipley is perhaps best known for her role in reducing government support for the poor when she was social welfare minister in the first of the three Bolger administrations.



RICE, INSTEAD OF RAIN, FROM ABOVE — Papua New Guinean villagers hefting rice sacks that Australian troops delivered to Lake Murray Station, Western Province, by helicopter. A drought attributed to the El Nino weather anomaly is devastating the country, forcing the emergency food aid.

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BRIEFLY

Japan Parties to Send Mission to North Korea

TOKYO — Japan's governing parties will send a mission to North Korea next week to prepare a resumption of talks on normalizing diplomatic ties, the Kyodo news agency reported Monday.

The Liberal Democratic Party and its two parliamentary allies — the Social Democratic Party and the New Party Sakigake — will send a total of 11 party officials to Pyongyang on Nov. 11, Kyodo said.

The mission will be headed by Yoshihiro Mori, chairman of the general council of the Liberal Democrats, whose president is Prime Minister Ryutaro Hashimoto.

The Japanese delegation was invited by North Korea's ruling Workers Party of Korea, and Mr. Mori has requested a meeting with the North Korean leader, Kim Jong Il, Kyodo said.

If the meeting occurs, Mr. Mori would be the first foreign dignitary to meet Mr. Kim since he was elected party secretary-general on Oct. 8.

Gunmen in Pakistan Kill 2 Shiite Activists

LAHORE, Pakistan — Gunmen shot and killed two Shiite Muslim activists in eastern Punjab Province on Monday in the latest round of religiously motivated killings to sweep the country.

Dilawar Hussein and his brother, Bakr, were sitting outside a store in the busy downtown district of Sialkot, 200 kilometers north of the Punjab capital of Lahore, when four men on two motorcycles sped past.

They opened fire, killing the brothers immediately, police officials said.

Both brothers were activists of the militant Shiite group known as the Movement for the Enforcement of Shiite Law.

They also were brothers-in-law of a member of the Punjab provincial Assembly, Akhtar Husein Rizvi.

No one has claimed responsibility for the latest killings, but the police suspect Sunni Muslim rivals.

Smoke From Indonesia Enshrouding Malaysia

KUCHING, Malaysia — Smoky pollution from fires in Indonesia returned to Malaysia's Sarawak state on Monday, cutting visibility and causing several flight cancellations, officials said.

After weeks of clearer skies helped by rain and favorable winds, southeasterly winds brought more smog to Sarawak, a state on the north side of the island of Borneo that was put under a 10-day state of emergency last month, the Meteorological Department said.

The wind had changed from a north-easterly direction due to the tropical storm designated Linda in the South China Sea, the department said. "With the change in wind direction, the haze is back in Sarawak," a department official said.

The official said the situation in Sarawak was expected to improve, however, as the storm moved westward.

Protest in Hong Kong

HONG KONG — A dozen activists protested Monday outside China's diplomatic mission in Hong Kong to urge Beijing to release imprisoned Chinese opposition activists.

The protesters alleged that China tortured the imprisoned activists and called on the government to stop the torture.

Death in Himalayas

KATMANDU, Nepal — A Slovenian who climbed a Himalayan peak from one of its most difficult sides was killed on his way down, the Nepalese Tourism Ministry said Monday.

Janex Jeglio, 36, a mountain guide, scaled the 7,855-meter (25,771-foot) summit of Nuptse, next to the world's tallest peak, Everest, on Oct. 31 from the mountain's west face. The approach had never been attempted before.

Mr. Jeglio's team leader, Tomaz Humar, who followed him to the peak 15 minutes later, said Mr. Jeglio disappeared on the descent and was believed to have been blown off balance by fierce winds.

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INTERNATIONAL

Palestinian Bloc At Peace Talks Called Too Tiny

WASHINGTON — The United States is trying to persuade the Palestinian Authority to send more negotiators to Washington to talk to a large Israeli delegation, the State Department spokesman, James Rubin, said Monday.

"They are not here," he said after talks began. "A significant part of the morning was spent discussing that without them we won't be able to make any progress. That is what they are working on now and trying to get them here."

The Israeli foreign minister, David Levy, and a senior Palestinian negotiator, Mahmoud Abbas, met Secretary of State Madeleine Albright on Monday morning, shortly before the start of Israeli-Palestinian talks that are aimed at restarting peace negotiations.

But the Palestinians have not sent to Washington their experts on what are known as the interim issues — steps Israel agreed to take long ago but has not yet taken.

"The secretary is concerned the Palestinian delegation was not in a position to discuss some of the interim issues," Mr. Rubin said. "We are trying to fix that."

Yasser Arafat, the Palestinian leader, said Sunday that he was sending Mr. Abbas to meet Mr. Levy "only because we received an official invitation from Madeleine Albright."

Edmond de Rothschild Dies; Banker and Vineyard Owner

PARIS — Baron Edmond de Rothschild, 71, a prominent French banker whose extensive holdings included Bordeaux vineyards, died of emphysema Monday in Geneva, a spokesman said.

He had suffered from cardiovascular problems in recent years and had repeatedly undergone surgery, a spokesman said.

Baron de Rothschild was president of his Geneva-based bank and financial companies, of the French Mountain Hotels Co., and of the Leicom Fund, based in Luxembourg.

He was formerly president of The Israel General Bank in Tel Aviv, of the Israeli-based Caesarea Development Corp. Ltd. and The Israel European Company Isrop in Luxembourg, among other companies.

The baron's Bordeaux wine holdings included Chateau Clark as well as a major share in the family organization that operates Chateau Lafite-Rothschild.

An avid art collector, Baron de Rothschild donated works to the Louvre Museum in Paris. He was named commander of the Legion of Honor in 1994 and of the Order of Arts and Letters in 1990.

The baron married his second wife, the former actress Nadine Tallier, in 1963.

Their son Benjamin will succeed the baron as president of the Paris holding firm Compagnie Financiere Holding Benjamin et Edmond de Rothschild.

The baron's father, Baron Maurice de Rothschild, voted in the Senate against Marshal Philippe Petain in 1940 when Petain formed the collaborationist Vichy regime. He

then moved the family to safe haven in Switzerland, leaving the family's 18th century Paris mansion, which is now the U.S. ambassador's residence.

Baron de Rothschild was to be buried at Chateau Clark in a private ceremony, the spokesman said.

Helen Stevenson Meyner, 69;
Democratic Congresswoman

NEW YORK (NYT) — Helen Stevenson Meyner, 69, a liberal Democrat who was elected to two terms in Congress from a heavily Republican district in New Jersey, died Sunday after a long illness in Fort Myers, Florida.

Mrs. Meyner was the widow of Robert Meyner, who was Democratic governor of New Jersey for two terms, from 1954 to 1962. Mrs. Meyner was elected to the House in 1974 and served until she lost the 1978 election. She served on the House Committee on International Relations.

Mrs. Meyner was born into a prominent Democratic family in New York City. Her parents, William E. and Eleanor B. Stevenson, set up American Red Cross units in England and North Africa during World War II. Her father was founder of the law firm that became Debevoise & Plimpton. He was president of Oberlin College in Ohio after the war and was ambassador to the Philippines from 1961 to 1964.



Baron Edmond de Rothschild in Paris in 1987 with a bottle of one of his wines.

France and tracked down the Vichy war criminal Paul Touvier, died of cancer Thursday.

Mr. Derogy, the author of about 30 books, began in journalism after serving in the Resistance during World War II. He wrote for the newspaper *France Libre*, then for the leftist daily *Liberation*. He was on the staff of the weekly *L'Express* from 1959 to 1987 and later of the weekly *L'Evenement du Jeudi*.

In 1972, he found the trail that led to Mr. Touvier, who had been sheltered for years by Roman Catholic elements. Mr. Touvier was convicted of the 1944 reprisal executions of seven Jews while he was head of the Lyon-area militia. He served two years in prison before dying last year.

Jacques Derogy, 72; Journalist
Specialized in Investigative Cases

PARIS (WP) — Jacques Derogy, 72, who helped pioneer investigative journalism in

BOOKS

WALKING IN THE SHADE:

Volume Two of My
Autobiography, 1949-1962

By Doris Lessing. 404 pages. \$27.50.
HarperCollins.

Reviewed by Penelope Fitzgerald

At the end of the first volume of her autobiography, "Under My Skin," Doris Lessing was on the point of leaving Africa for London. "I was not going home to my family," she wrote. "I was fleeing from them. The door had shut, and that was that." She was 30 and had with her a baby son and the typescript of her first novel, "The Grass Is Singing."

"How London's enormousness does dismay its newcomers," she writes, and in 1949 London stood in ruins, food still rationed, people tired to death. In "Under My Skin" there were lyrical descriptions of the African bush. In "Walking in the Shade," Lessing hears the slow progress of a great city struggling toward recovery. "I was free — I could at last be wholly myself."

For this volume, as for the first, the epigraph is from Iqbal's *Reform*: "Impossible — unless the individual has learned to locate and allow for the various patterns of coercive institutions, formal and informal, which rule him."

Lessing tells us that she is constantly using the process of writing to find out what she thinks, and even what she is. This means that she is learning and reaching even when she seems only to be recording her own crowded day-to-day existence. She is a young single mother trying to be what is impossible, a father as well as a mother, who needs a roof over her head but also room to stand, sit,

talk, eat and dispute with her friends.

These friends can be made in a moment; she has the gift of intimacy. But at the same time there is the amazing energy of her formal existence — expeditions to Europe and Russia, meetings, writers' groups, demonstrations. In 1952 she applies for her Communist Party card. "How easy it was to be intelligent now," she writes, "how impossible then."

Throughout the rest of the book she is trying to come to some explanation of why she and so many others took this step in the '50s. In the end she suggests that "to identify with the Soviet Union meant to be part of the by then well-established notion that in suffering is to be found the truth." And then "you wake up one morning and think, Goodness, I used to think like that, didn't I? — but you hardly know how it happened."

During the '50s, which she sees, much more than the '60s, as the starting point of new kinds of behavior, life becomes easier, food more plentiful. Her higher hopes higher. Lessing describes, with a mixture of shrewdness and affection, the campaign for nuclear disarmament, the weekend protest marches, and her angry colleagues at the Royal Court Theatre — Kenneth Tynan, John Osborne, Arnold Wesker. She doesn't always take them — and certainly not herself — quite seriously. Here is one moment from among many, a picnic with a historian and his family:

"We must find a sheltered spot, they cried. This was done, a mild hollow, where the wind blew no less, carrying sharp stinging raindrops. There we bidded, eating sandwiches and drinking tea out of flasks. 'Mad,' I was saying to myself. 'These people are mad.' But

now I don't think so, and find cold rain no reason to stop me walking, and am just as mad myself."

One can't help seeing Doris Lessing as an enviable strong as she shares kitchens with other women, takes in unpromising guests, breaks her heart over her Czech lover — even, for a short while, takes to drink. She is strong, too, in her ability to recognize where she has failed. She admits to what could be called hardheartedness toward her mother, who appears in England, longing to be of use, but is rejected because if she had stayed Lessing would not have had air and space to write. Her mother died in a residential home, of a stroke. "She could have lived another ten years," Lessing writes, "if anyone had needed her."

Toward the end of "Walking in the Shade" Lessing is working on "The Golden Notebook" and feels she has come to the end of a certain spectrum of ideas. She begins, therefore, a "systematic search for something different." For years she has accepted what she calls the "material" progress, contempt or at best pity for believers in the spirit. Now she is looking for something else, but she is also being looked for. This, then, will be the necessary question to be answered when she comes to write about the '60s.

Lessing repeats herself, is sometimes too impatient or seems to be, to recall an exact detail and occasionally contradicts herself, but the story couldn't be better told. She is there, marvellously urgent, translucently sincere.

Penelope Fitzgerald, whose most recent novel is "The Blue Flower," wrote this for *The Washington Post*.

Iran's Youth to Mark Anniversary Of 1979 Embassy Hostage-Taking

TEHRAN — Iran has intensified a political campaign against its arch-foe, the United States, ahead of the 18th anniversary of the seizure of the U.S. Embassy here.

Officials have arranged for 18 million schoolchildren to start classes Tuesday with shouts of "Death to Great Satan," the description of the United States since the 1979 Islamic revolution that toppled the pro-American shah.

"At 8:00 on Tuesday, the cry of 'Death to America' will resound in schools throughout the country," said headlines in several newspapers Monday, while others identified the anniversary as a "new occasion to express our anger at the United States."

Political groups of all tendencies within the establishment plan major demonstrations outside the former embassy compound in central Tehran to mark the storming of the mission by radical Muslim students on Nov. 4, 1979, when 53 U.S. diplomats were taken hostage and held for 444 days.

While an official gathering will be organized in front of the embassy compound on Tuesday morning, radical university students will hold their own rally in the afternoon.

All the official ceremony, the conservative speaker of Parliament, Ali Akbar Nateq-Nuri, will deliver a speech in front of the former mission, which is now used as a training ground for elite Revolutionary Guards.

Various state-sanctioned political and religious organizations have called for a large turnout to demonstrate the continuation of anti-American sentiment in the Islamic republic.

Qualification of Contractors Rolling Stock — Electrical Multiple Units

The Kowloon-Canton Railway Corporation ("KCRC") proposes to appoint, through pre-qualification and tendering, a contractor for Contract SP-1900, Rolling Stock — Electrical Multiple Units.

The Contract is for the design, supply, testing and putting into service of 250 EMU cars, for use on both the East Rail and West Rail systems. Delivery of the East Rail cars is expected to commence in June 2000 and the delivery of West Rail cars in May 2001.

More detailed descriptions of the work activities will be included in the Pre-Qualification Questionnaire.

East Rail is an existing passenger system operating between Kowloon and Lo Wu. It is a double-tracked, 25kV electrified railway system with a route length of 34 km. The system has 13 stations and one maintenance depot.

West Rail Phase 1 Passenger System will be a 30.5 km, double-tracked, electrified railway system, with a maintenance depot and up to 9 stations.

Requests for a Pre-qualification Questionnaire should be made on company letterhead by facsimile to the Kowloon-Canton Railway Corporation, Attention: Procurement Manager at (852) 2601-2671 in the English language. Requests for Questionnaires must be received by the Corporation by 6:00pm on 1 December 1997 Hong Kong Time.

KCRC will, at its sole discretion, evaluate responses to the Pre-qualification Questionnaires. Those organisations which KCRC determines to be suitably qualified will be invited to tender. The tender documents will require the provision of a performance bond/bank guarantee.

No communications in response to this advertisement will be accepted by KCRC except by facsimile at the above noted facsimile number.

This Procurement activity is covered by the World Trade Organisation Government Procurement Agreement.

Interested firms are advised that the ultimate placement of orders for East Rail system EMU cars is subject to the approval of the Managing Board of KCRC.

Interested firms are advised that the construction of Phase I of West Rail will be subject to the approval of the Hong Kong Special Administrative Region Government around September 1998.

Additional information is also available on the Internet at the following address:
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BRIEFLY

World Court Sets Early March For Decision on Lockerbie

THE HAGUE — The International Court of Justice said Monday that it expected to rule by early March on a dispute between Libya, the United States and Britain over the hunt for the Lockerbie bombers.

Pan American Flight 103 exploded over the Scottish village of Lockerbie in December 1988, killing 259 on board and 11 on the ground. Britain and the United States blamed Tripoli for the blast and demanded the extradition of two Libyan suspects.

On Oct. 22, the court wound up eight days of hearings. The judges must decide whether the court has jurisdiction in a Libyan complaint against the United States and Britain. Libya has asked the court to rule that London and Washington, backed by the UN Security Council, are acting unlawfully in insisting on the extradition.

The judgment concerning the preliminary objections of the United Kingdom and the United States, which is final and without appeal, will be delivered in approximately four months, the Hague court said.

Libya has offered to hand the men over for trial in a neutral country. (Reuters)

Kenya Needs Cash for Salaries

NAIROBI — The Kenyan government is having problems raising the cash to pay salary increases granted to civil servants, a senior official at the Central Bank of Kenya said Monday.

"The government is in a quagmire as it is finding it difficult to raise the \$20.9 million required to pay civil servants' salaries following the recent increases," said the official, who requested anonymity.

The armed forces received their October salaries last week, but other civil servants have yet to be paid for October, officials said. (AFP)

Tourism Urged in Antarctica

CANBERRA — Australia should lease two of its three Antarctic bases to other nations and create a permanent air link and summer tourism on the ice continent, according to a government report on Antarctica released Monday.

The report, titled Australia's Antarctic Program Beyond 2000, recommended sweeping changes to Australia's entire Antarctic program, with greater emphasis on research with economic and national significance.

"Australia must continue to conduct a science program in Antarctica and to maintain a national presence on the Antarctic continent," said the report by the government's Antarctic Science Advisory Committee.

Australia has had a permanent presence in Antarctica since 1954, when the first permanent station was established at Mawson. Two other bases, Casey and Davis, have since been established, along with a number of summer stations. (Reuters)

Ontario Judge Clears Strike

TORONTO — An Ontario judge refused to grant an injunction Monday to force 126,000 striking teachers back to work in Canada's most populous province.

"The attorney general has not established that the teachers strike has caused irreparable harm in the first week nor is it likely to cause irreparable harm in the near future," Justice James MacPherson ruled.

An illegal strike by teachers, the largest ever in North America, has kept 2.1 million students from class since Monday. (Reuters)

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EDITORIALS/OPINION

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Poland Stays on Track

Debate on NATO expansion is moving ahead smoothly in the U.S. Senate. Many senators, who likely will vote on the matter early next year, ask tough and legitimate questions about cost, purpose, burden-sharing and more. Most also seem to have a solid understanding of the gravity and importance of welcoming new democracies into the Western security alliance. The odds seem good that Poland, Hungary and the Czech Republic will join.

In that context, what happens inside Poland, in any case a key to European stability, takes on greater than ever importance in Washington; its policies are now the policies of a potential NATO ally. A new government was sworn in on Friday in Warsaw, one that should be true to Poland's post-Communist commitment to democracy, reform and integration with the West.

Elections on Sept. 21 unseated the ruling Democratic Left Alliance — the post-Communists, as they are commonly known — and put into first place the Solidarity Election Action alliance — what you might call the post-Solidarity party. But the winners did not emerge with a clear majority, and so they have spent the past month bargaining to fashion a working coalition.

The underlying question was how true Poland would stay to its chosen path of free market reform and integration into NATO and the European Union. This is clearly Poland's best bet, but, as in other post-Communist countries, the transition has not come

without pain. The Solidarity alliance represents a range of interests from liberal free marketeers to those espousing a narrower, more nationalist world view. Its supporters include many who have suffered most under the new regime — miners, farmers and factory workers who helped bring down communism but have seen their standards of living decline since communism fell.

Fortunately, the alliance's natural coalition partner, having won 13 percent of the vote, was the Freedom Union — another offshoot of the original Solidarity and one that is classically liberal and committed to reform. Together they have come up with a government that should be true to basic reform principles and sensitive to the needs of those in risk of being left behind.

The new prime minister, Jerzy Buzek, is a chemistry engineering professor from the Solidarity alliance who is well trusted by all sides — regarded in Warsaw, as The Washington Post's Christine Spolar reported, "as a serious, thoughtful consensus-builder." Mr. Buzek is not well known in the West, but he will be joined by those who are — including experienced and well-respected defense and foreign ministers and, as finance minister, the original architect of Poland's "shock therapy" reforms, Leszek Balcerowicz. Together they form a government with which Poland's new allies can work comfortably.

— THE WASHINGTON POST.

Gulf War Illness

Two independent reviews of the U.S. government's handling of Gulf War illness have now made it increasingly clear that the Pentagon is too biased to conduct a credible investigation. Even after what appear to be genuine efforts to expand and upgrade its inquiry, the Pentagon, in the view of a presidential panel and a House committee, remains so blindly convinced that chemical weapons exposures are of little import that it cannot seem to conduct a hard-digging inquiry.

Whatever the Pentagon ultimately concludes, neither veterans nor the public will believe that it has taken an objective look.

The only way out of this deepening mess is for the president to put an independent agency in charge of the inquiry. If the White House fails to act, Congress will need to step in with legislation mandating that a more credible body be put in control.

The weightiest charge of bias came in a report submitted to the White House on Friday by the Presidential Advisory Committee on Gulf War Veterans' Illnesses, an 11-member group that includes a range of medical and public policy expertise. The report has not yet been released, but a draft version made available to New York Times reporter Philip Shenoy was unusually harsh in its criticisms of the Defense Department.

Although the panel praised the department for its upgraded research programs and improved communications with veterans, it issued a scathing critique of the Pentagon's handling of one crucial element of the puzzle — the possibility that exposure to chemical warfare agents may account for some of the illness reported by veterans. As the panel described it, much that the Pentagon has done, from battlefield surveys in 1991 to present-day analyses, has biased its conclusions against the possibility that low-level exposures to chemical agents were a factor.

To begin with, all alarm and detection systems used during the war were set to detect only nerve agent concentrations that could cause acute symptoms or death. They could not detect lower levels of chemicals that might have delayed effects, and the main detectors could not detect any level of mustard gas.

Moreover, the highly touted Fox vehicles bearing more sophisticated detectors were seldom able, under battlefield conditions, to conduct the 20-minute, full-spectrum analysis needed to confirm the presence of an agent. Even when they did, only the most prevalent agent could be identified, making it possible that heavy smoke from oil well fires might mask less dominant chemical warfare agents.

With final confirmation virtually impossible, the Pentagon dismissed virtually all claimed detections of chemical warfare agents as unproven. That brings sharp disagreement from the panel.

From a credibility standpoint, the most damning criticism was of repeated and continuing bias in the Pentagon investigation, even during the last 10 months, well after the Pentagon claimed to have cleaned up its efforts.

The panel complained that the Defense Department has failed to investigate thoroughly and promptly possible chemical detections, failed to present balancing but conflicting statements from its own experts, and downplayed information that contradicts its relatively complacent view about chemical agent exposures. It noted that one of the Pentagon's own consultants, the Mitre Corporation of Bedford, Massachusetts, had uncovered evidence that marines may have been exposed to poison gas as they crossed some mine fields. Although the Pentagon dismissed the report as being of poor quality, the panel judged it "impressive, high-quality" work worthy of investigative follow-up.

The panel's indictment follows an even more critical report prepared by a House subcommittee on government oversight, chaired by Christopher Shays, Republican of Connecticut, and approved by the full committee. In the introduction to that report, Mr. Shays called the investigations by the Defense and Veterans Affairs Departments "irreparably flawed" and "plagued by arrogant incuriosity and a pervasive myopia that sees a lack of evidence as proof."

What actually caused the illnesses reported by veterans, and whether chemical warfare agents played any role, are still open questions. But on a highly emotional issue involving sick veterans, it is crucial that the investigation be diligent and scrupulously fair. The Pentagon's continued involvement in the inquiry is clearly vital; it has the data and much expertise. But the Pentagon has forfeited its right to remain in charge.

— THE NEW YORK TIMES.

Other Comment

A Way Forward for Cyprus

Greece and Turkey [should submit] their disputes in the Aegean to arbitration. Next, Greek and Turkish Cypriots should agree to a moratorium on nerve-jangling overflights and implement the accident-preventing measures suggested this summer by NATO. The Greek Cypriots should then postpone their proposed missile deployment. The Turkish Cypriots should accept some lesser status for their self-proclaimed republic. If real talks were started, the Turks might agree to reduce their forces on the island. Most moments of all would be a declaration by both sides that they wanted in principle to see Cyprus join the European Union.

— The Economist (London).

IMF Orthodoxy Isn't What Southeast Asia Needs

By Jeffrey D. Sachs

CAMBRIDGE, Massachusetts — In just a few months the Asian economies went from being the darlings of the investment community to being virtual pariahs. There was a touch of the absurd in the drama, as international money managers harshly castigated the very same Asian governments that they were praising just months before.

The IMF has announced a second bailout package for the region, about \$20 billion for Indonesia. That should, in principle, boost confidence. But if it is tied to orthodox financial conditions, including budget cuts and sharply higher interest rates, the package could do more harm than good, transforming a currency crisis into a rip-roaring economic downturn.

In the Great Depression, panicked investors fled from weak banks in the United States and abroad. Since banks borrow short-term in order to lend long-term, they can be thrown into crisis when a large number of depositors suddenly line up to withdraw money. In the days before deposit insurance, individual depositors would all try to be first in line for withdrawals.

In 1933 the Federal Reserve played it disastrously wrong. Rather than lend money to the banks to calm the panic and show depositors that they could indeed still get their money out, the Fed tightened credit, as financial orthodoxy prescribed. Confidence sank, and the banking system crumbled.

The Asian crisis is akin to a bank run. Investors are lining up to be the first out of the region. Much of the panic is a self-feeding frenzy. Even if the economies were fundamentally healthy at the start of the panic, nobody wants to be the last one out when currencies are weakening and banks are tottering because of the rapid drain of foreign loans.

It is somehow comforting, as in a good morality tale, to blame corruption and mismanagement in Asia for the crisis. Yes, these exist, and they weaken economic life. But the crisis itself is more pedestrian. No economy can easily weather a panicked withdrawal of confidence, especially if the money was flooding in just months before.

The IMF arrived quickly on the scene, but the East Asian financial crisis

is very different from the set of problems that the IMF typically aims to solve.

The IMF's usual target is a government living beyond its means, financing budget deficits by printing money at the central bank. The result is inflation, together with a weakening currency and a drain of foreign exchange reserves. In those circumstances, financial orthodoxy makes sense.

But the budget deficit and restrict central bank credits to the government. The result will be to cut inflation and end the weakening of the currency and loss of foreign exchange reserves.

In Southeast Asia, this story simply does not apply. Indonesia, Malaysia, the Philippines and Thailand have all

been running budget surpluses, not deficits. Inflation has been low in all of the countries. Foreign exchange reserves, until this past year, were stable or rising, not falling.

The problems emerged in the private sector. In all of the countries, international money-market managers and investment banks went on a lending binge from 1993 to 1996. To a varying extent in all of the countries, the short-term borrowing from abroad was used, unwisely, to support long-term investments in real estate and other non-exporting sectors.

This year the bubble burst. Investors woke up to the weakening in Asia's export growth. A combination of rising wage costs, competition from China and lower demand for Asia's exports (especially electronics) caused exports to stagnate in 1996 and early 1997.

It became clear that if the Asians were going to compete, their currencies would need to fall against the dollar so that their costs of production would be lower. It also became clear that with foreign lending diverted into real estate ventures, there was some risk that the borrowers, especially banks and finance companies, would be unable to service the debts if the exchange rates weakened.

After all, rentals on real estate developments would be earned in local currency, while the debts would have to be repaid in dollars.

The weaknesses in the Asian economies were real, but far from fatal. The deeper strengths — high savings, budget surpluses, flexible labor markets, low taxation — remain in place, and long-term growth prospects are solid. But, as often happens in financial markets, euphoria turned to panic without missing a beat. Suddenly Asia's leaders could do no right. The money fled.

In this maelstrom, the IMF is now reportedly pressing the Asian countries to raise existing budget surpluses still higher and to tighten domestic bank credit. In the Philippines recently, short-term interest rates were briefly pushed above 100 percent a year to meet IMF credit targets.

And, in a move that is supposed to engender confidence but almost surely does the opposite, the IMF has reportedly called on Thailand and Indonesia to close down several weak banks that have been caught up in the boom-bust cycle of foreign lending.

Since the treatment of depositors in such cases is open to doubt (deposit insurance is only implicit), these calls for bank closings also worsen the investor flight from the region.

Of course, one can't be absolutely sure what the IMF is advising, since IMF programs and supporting documents are hidden from public view. This secrecy itself gravely undermines confidence.

The Asian region needs more creative policies than these. The first step would be for the international investment community to tell the truth: The currency crisis is not the result of Asian government profligacy. This is a crisis made mainly in the private, albeit under-regulated, financial markets.

The next step would be to let the Asian currencies float downward, so that these countries' exports will be cheaper and therefore more competitive. Once export growth starts to pick up, then panicked money market managers will begin to remember why they were until recently singing the praises of the region.

That is what happened after the 1994 Mexican crisis, when money managers who swore they had left Mexico for good quickly reconsidered in the wake of an export boom.

Floating the exchange rate would have two more advantages. Foreign reserves would not be squandered in a failed attempt to defend the currency, and interest rates would not need to be raised in an illusory quest to keep the currency strong.

The third step would be to moderate the strong forces pushing Asia into a recession, rather than add to them. The region does not need wanton budget cutting, credit tightening and emergency bank closures. It needs stable or even slightly expansionary monetary and fiscal policies to counterbalance the decline in foreign loans.

Interest rates will drift higher as foreign investors withdraw their money, but those rates do not need to be artificially jacked up by a squeeze on domestic credit. The regulation of the banking sector should be strengthened not by bank closures but by pushing weak banks to merge with stronger ones and by pushing the banks to raise their capital bases.

Southeast Asia surely needed a correction to restore competitiveness. A moderate cut in foreign lending was needed; the panic was not.

If the currency crisis is well managed, Asia will be able to resume its rapid economic growth.

If it is managed with unthinking orthodoxy, the costs could be very high for Asia and the rest of the world.

The writer is director of the Harvard Institute for International Development and an economic adviser to governments in Asia and other parts of the world. He contributed this comment to The New York Times.

For Human Rights in China, Point Out the Thailand Scenario

By Thomas L. Friedman

WASHINGTON — I was invited last week to a luncheon for China's president, Jiang Zemin. On my way, though, I had to stop off at my 9-year-old daughter's school, because she was running for treasurer of the Burning Tree Elementary student council, and she and the other candidates were giving their campaign speeches to a school assembly.

After the Pledge of Allegiance and "My Country 'Tis of Thee," these grade school kids got up in front of their classmates, one by one, and campaigned for votes, each promising to do the most to improve the school. It reminded me how deeply rooted is the American democratic experience.

I went from there to the Jiang luncheon. The president of China explained that its crack-

down in Tibet in 1959 was actually just like Abe Lincoln's freeing of the slaves. Listening to him I thought: Does he really believe this is playing here? They don't understand the first thing about American democracy, do they?

How to bridge the gap? Certainly not the way the Clinton team is trying. The president and the secretary of state argue that the United States must "engage" China, not isolate it.

Fine. The problem is that the Clintonites want to "engage" China on business and diplomacy, but just "talk" to China about human rights.

Washington has no principled, long-term strategy for engaging China on human rights. This administration does

human rights by sound bite or by name tag ("Woo" you please just release this list of dissidents from jail?), but with no strategy for engagement.

Most of the human rights activists aren't much better. They compete for who can huff and puff at China the loudest, but they, too, have no credible strategy for promoting human rights in any orderly fashion.

Real engagement with China on human rights would have to include both an analysis and a strategy. The analysis should begin with what is happening in Thailand. Thailand is what happens when an emerging market gets swamped with investment capital, but lacks the regulatory, rule-of-law and accountability institutions to allocate it sens-

ibly. The minute the money stops rushing in, the problems get exposed.

China's leaders aspire to have the same sort of authoritarian capitalism as Thailand, South Korea, Malaysia and Indonesia. But each of those countries is running into trouble today because its poor governance — its crony capitalism, insider dealing, loose regulation, weak rule of law, weak watchdog press — is finally showing up.

If you start your dialogue with China's leaders by telling them they have to become a democracy tomorrow, you will get nowhere. But if you tell them that unless they move toward a more law-based society, in line with international standards, they are heading for Thailand II, there would be a

basis for engagement. The final communiqué from the Washington summit alluded to this, but offered no strategy or money to do it.

Says Michael Posner, head of the Lawyers Committee for Human Rights:

"The most effective way to deal with the Chinese is to discuss with them something that they are just beginning to realize and grope toward — that in the long run they cannot be a modern, stable, prosperous society unless they begin to adhere to minimum international standards of due process, government accountability, rule of law and transparency."

"Therefore our strategy should be to make every official U.S. contact with China, whether it is by the State Department, the Commerce Department or the Environmental Protection Agency, include programs for promoting more rule-based decision-making there. That is good for China, for business and for human rights."

It was very telling to see who was invited to the state dinner for President Jiang — scores of U.S. business titans and one human rights activist. Shame on the White House.

Asia Watch, the Lawyers Committee and Amnesty International get invited to the White House for 45 minutes to "talk" to a Clinton aide about human rights in China. IBM, AT&T and Disney get invited to the state dinner to "engage" with Jiang Zemin on business.

But it is precisely the business titans who are always telling China that it is different from Thailand, that it is special, that it is an elephant that can fly, at least not for long, and if we don't help China build a parachute, one day it's going to fall with a world-shaking thud.

The New York Times.

Starvation or Not, Let North Korea's Regime Rot

By William J. Taylor and Glenn Baek

WASHINGTON — The World Food Program says a steady stream of international food aid may have contained widespread famine in North Korea.

Limited individual rights apply only to the privileged members of the Korean Workers' Party and those who subordinate themselves unconditionally to the regime.

People live in constant fear of death, for even the slightest infraction against the political system means execution or imprisonment. "They treat the people in North Korea like machines, not humans," said the former North Korean diplomat.

The Clinton administration views the promotion of human rights and democracy as one of the fundamental goals of U.S. foreign policy. To apply this policy in Asia, the State Department diligently provides democracy assistance programs to China, Burma, Mongolia, Cambodia, Indonesia, Vietnam and the Philippines.

These programs range from enhancing respect for the rule of law and human rights to fostering transparent and accountable governance.

Nowhere in this picture do you find North Korea. If one country deserves attention and opprobrium on human rights, it is the so-called Democratic People's Republic of Korea.

The country functions as an Orwellian state, where every facet of people's lives is closely monitored and tightly con-

trolled. In short, North Korean rights practices make China look like a saint.

The absence of North Korea from the democracy assistance program is attributable to the fact that the U.S. government's policy toward the Communist North is not clearly defined.

While the Pentagon perceives North Korea as the greatest threat to U.S. security anywhere in the world, the State Department advocates a policy of "selective engagement" to reduce tension, induce reform and promote peace on the Korean Peninsula. What are Congress and the American public to think?

Implicit in the advocacy of engagement is the recognition that no progress can be made in the rights situation without formal diplomatic ties between the two countries, and since none exist there can be no leverage to pressure Pyongyang to improve the treatment of its citizens.

Conventional negative measures such as restricting arms sales, opposing loans from international financial institutions and cutting off bilateral and multilateral assistance are inapplicable to North Korea.

At the same time, raising the issue of human rights with Pyongyang might be counterproductive to current U.S. efforts to bring North Korea to peace talks, since any mention of human rights to North Koreans during negotiations will arouse their ire.

However, there is leverage in "doing nothing" either to help or to harm North Korea.

Without further food aid, an unknown number of North Koreans would probably starve. But with food aid the dictatorship in Pyongyang survives longer to inflict human rights horrors on its own people.

Select whichever moral argument you wish. We prefer to see the U.S. government do

nothing and let the dictatorship in Pyongyang go down sooner rather than later.

How will the regime go down? A military coup? Revolution? Anarchy? Who knows? Just let it go down.

Justifying a policy of "doing nothing" is not easy for the U.S. government. Nevertheless, bureaucrats can take action by promoting a concerted international effort to show the world what the regime truly is — a totalitarian Communist dictatorship that does horrible things to its own people.

Mr. Taylor is senior vice president for international security affairs at the Center for Strategic and International Studies in Washington, and Mr. Baek is a research analyst there. They contributed this comment to The Washington Post.

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Silver Coinage

PARIS — The five Powers of the Latin Union — France, Italy, Belgium, Switzerland and Greece — have just signed a convention, extending the limit of the coinage of small silver money, fixed by previous conventions. Switzerland, owing to the insufficiency of small silver change, took the initiative in this matter. Each of the five Powers may henceforth increase its small silver money on the basis of one franc for each inhabitant.

1922: Sultan Deposed

CONSTANTINOPLE — The National Assembly at Ankara has decided to depose the Sultan and abolish the Sultanate as the form of government of the Ottoman Empire. At the same time it resolved to retain the Caliphate, but to choose a new Caliph from among the members of the House of Othman,

who will remain the spiritual head of the Mohammedan world, but will be stripped of all temporal powers in the Ottoman dominions. This decision is the culmination of the rivalry that has long existed between the Kemalist Government at Ankara and the Sultan's Government at Constantinople.

1947: Fleeing Poland

LONDON — Stanislaw Mikolajczyk, leader of the opposition Polish Peasant party and one-time Prime Minister of the Polish government-in-exile during the war, arrived in England, aboard a Royal Air Force plane from Warsaw after escaping from Poland on October 20. "I received news on October 18 that I was to be arrested and sentenced to death by a military court," Mr. Mikolajczyk said. "I did not wish to be killed, so I left Warsaw with several of my followers on October 20."

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Internet address: <http://www.ihb.com> E-Mail: ihb@ihb.com

Editor for Asia: Michael Richardson, 5 Conventry Rd., Singapore 119000. Tel: (65) 472-7768. Fax: (65) 274-2334
New York: 100 W. 40th St., New York, N.Y. 10018. Tel: (212) 512-2000. Fax: (212) 512-2001
Los Angeles: 1000 Wilshire Blvd., Los Angeles, CA 90017. Tel: (213) 697-7500. Fax: (213) 697-7501
San Francisco: 100 California St., San Francisco, CA 94111. Tel: (415) 774-2000. Fax: (415) 774-2001
Tokyo: 1-10-1, Marunouchi, Chiyoda-ku, Tokyo 100. Tel: (81) 3-5561-3000. Fax: (81) 3-5561-3001
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OPINION/LETTERS

Trying to Win Over the World, Or Foreign Policy as Love-In

By William Pfaff

PARIS — It is a curious aspect of American foreign relations that despite the government's claimed tough-mindedness, Americans are looking for love. They want the approval and even the affection of other nations. They also want to bestow on other nations standards that will allow Americans to approve of them.

This was evident last week when the Chinese chief of state, Jiang Zemin, visited the United States. One might think a state visit an impersonal occasion, with light negotiations, contract signing, some calculated image-making for television, and those dinners and entertainments which eminent persons offer one another to ease their boredom.

Instead the visit saw an intramural brawl among Americans over how lovable or repugnant China should be considered. Does it deserve America's friendship? One side said "no," since China oppresses Tibetans, suppresses foreign religions, imprisons dissidents and brutally defends it all, insisting it will brook no interference with its recovery of Taiwan.

Other Americans said that the Chinese nonetheless have good hearts, and when their government becomes democratic — surely very soon, under the warmth of American persuasion and the influence of American investment — the two countries will become not only friends but allies in keeping order in Asia. This, more or less, is the Clinton administration's position.

Americans need to feel good about the countries with which they deal, in order to feel good about themselves. There has to be an affective relationship — even negative, if it can't be positive — with every major country important enough for the American public to pay it attention.

The United States is incapable of dealing unemotionally with China. It cannot simply deal with the political and economic interests involved, and at the same time admit that China is a distant civilization of which Americans have always known little.

Americans want the Chinese as customers, but also as converts to American ideas. Bill Clinton's mother was once quoted as saying that when her son entered a room he had an unfailing instinct for picking out the person who disliked him. He would head straight for that person to win him or her over.

The United States is rather like that. If other nations dislike America, Americans think it can only be that they are ideological enemies or "rogue nations," or that there is some tragic misunderstanding.

The French are the other people who think their culture and civilization a model for the world, as indeed they were in the 17th and 18th centuries, and remain for some even now. But the French don't go out to make friends and win the hearts of others.

They are arrogant enough to think that the world will eventually come to them, compelled by logic to recognize France's superiority.

The French have a deep confidence, often misplaced, in logic. But America seeks a conversion of the heart.

No doubt this is related not only to American political exceptionalism but to American religion. American Protestantism is missionary and evangelical, and holds that salvation occurs by a direct relation between God and man. The individual "finds Jesus" in his heart and is saved.

The European Catholic tradition is rationalist. Faith may be a gift, but its foundation is reason. Religious "enthusiasm," the very core of the American Pentecostal tradition, is to the Catholic theologian a sign that emotion has displaced reason. That way lies heresy.

Officials of the Clinton administration, and most press commentators, insisted during the preparations for Mr. Jiang's visit that what would count would be the "personal chemistry" between Mr. Clinton and Mr. Jiang. Why should this be so? The countries' in-

There has to be an affective relationship with every country important enough for the American public to pay it attention.

terests have nothing to do with the personalities, or likes and dislikes, of their leaders.

You or I do not demand good personal chemistry with the vendor when we buy a house or car, or make a business deal. It's nice to have, but it's nonessential. It might even be a distraction from the business at hand.

All of this is why the United States is so often frustrated in foreign policy. It can never have what Americans really want, which is conversion.

When Washington says it wants cooperation with China, this means cooperation in what Washington thinks ought to be done. Washington wants "shared values" — but no "Asian values," please.

It wants trade relations that give American business access to 2 billion potential customers. But it does not want prison labor exports, nuclear technology diversions, pirated software or awkward trade surpluses.

Washington believes that it can eventually have all of what it wants because, in Washington, it seems self-evident that all this is what the Chinese should also want.

The Chinese are also victims of certitude. They believe with utter certainty in the primacy of their own civilization. Their foreign relations have traditionally been those of a central civilization dealing with inferiors and tributaries, whose ideas are of no interest.

Americans may believe in the invincible superiority of their civilization, but they want to be reassured. They look for validation in the conversion of others to American ideas. Thus the permanent advantage is China's. Washington has yet to understand that.

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LETTERS TO THE EDITOR

No Sympathy

As someone who had to jump out of bed at 3 A.M. to a howling siren and watch my children and my ailing mother trembling as they put on their gas masks and huddled behind taped windows waiting to be gassed, I don't feel terribly charitable.

If Saddam Hussein wants his people to stop suffering because of embargoes, let him give up his weapons. Surely the savvy politicians of the world can see through him. Or are they waiting until he develops chemical weapons that can reach their families before they say "enough"?

PNINA ISSEROFF,
Ra'anana, Israel.

An Pair Trial
My wife and I have been following the trial of Louise Woodward in your newspaper and on television. We find it pathetic and heart-wrenching.

It seems to us the wrong person was put on trial. We cannot imagine that the mother of an 8-month-old baby and a 3-year-old child would leave her children in the care of an adolescent from another country, for days on end, and then blame that teenager — to the point of having her sent to jail for life — for having tragically mismanaged (assuming that she did) her assignment.

We feel quite strongly that the mother, not Miss Woodward, is the person who should be put on trial: for negligence in her most sacred of duties — motherhood.

RAJA G. MATTAR,
Boulogne, France.

Helping the South

Regarding "When Globalization Means Shutting Out the Working World" (Opinion, Oct. 29) by David Friedman:

Mr. Friedman's attack on an "exemption" from greenhouse-gas limits for developing countries fails to recognize the basic logic and justice of letting these nations reduce their emissions more slowly than the developed countries.

By giving developing countries some leeway, there is a greater likelihood that they will act earnestly in the future. To insist that they act in tandem with the industrialized countries would be unfair because the latter are disproportionately at fault for the emissions problem.

Second, Mr. Friedman's belief that the climate treaty would "shift the world's dirtiest industries to the most disadvantaged nations" ignores the reality of the climate negotiations — whereby implementation — whereby emissions effectively makes emissions reductions in the South — not only makes economic sense but means that the developing countries would have some of the newest, cleanest industrial facilities. Quite the opposite of Mr. Friedman's conclusion.

sions, this would make the South cleaner, not dirtier.

PAUL G. HARRIS,
Oxford, England.

Drink and Drugs

Regarding "Sweden Keeps Its License, EU Upholds State Monopoly on Alcohol Sales" (Oct. 24):

A Scandinavian official responsible for health and social affairs said that the EU decision to uphold Sweden's state monopoly was "proof that the European Union understands that alcohol policy is part of our Nordic welfare state ideology."

"The decision enables us to conduct a national alcohol policy based on our own national needs," he said.

Yet a national drug policy that enables the Dutch to make a distinction between soft drugs (cannabis) and hard drugs meets with strong opposition in Nordic countries. The splitting of the drug markets in the Netherlands has proven a successful means of keeping young people away from drugs like heroin.

In Amsterdam, only 1.2 percent of heroin addicts are under 22 years of age, and the percentage has been diminishing for some years. The average age of heroin addicts in Amsterdam is 36.4 years and is rising every year. Clearly, almost no young people are entering that group.

Leave us in the Netherlands our own policy based on our own needs.

JANHUB BLANS,
Amsterdam.

Good-bye to Mr. Capps, a Nonpolitical Politician

By Lou Cannon

SANTA BARBARA, California — In an era when politicians rely on sound bites and routinely demonize their opponents, Walter Holden Capps stood apart.

Mr. Capps, 63, was only 10 months into his first term in the House when he suffered a fatal heart attack last week at Washington's Dulles airport. But for three decades he was a revered professor at the University of California at Santa Barbara, where he taught religious studies and pioneered in reconciling those who had fought in the Vietnam War and those who had protested against it.

Mr. Capps sought me out in 1993 to say he wanted to run for the House seat then more or less occupied by the multimillionaire Michael Huffington, who was leaving to run for the Senate. We had lunch, and I told him that, as a journalist, I didn't advise candidates.

Mr. Capps persevered, and I said too bluntly that it was unlikely that a 60-year-old professor who had never run for anything could win a district that hadn't sent a Democrat to Congress since the New Deal.

But Mr. Capps was unfazed. He said he had been interested in public policy all his life and had learned as a teacher that he could bring people together.

His friend Bob Kerrey, the senator from Nebraska, had told him that this quality was needed in politics. As

MEANWHILE

Mr. Capps saw it — he was "Walter" by this point and ever after — cynicism about politics was undermining democracy. He blamed negative campaigning and said people would respond to ideas if candidates were willing to discuss them.

During our long lunch, Walter touched on spiritual values, Abraham Lincoln's second inaugural address ("The prayers of both [sides] could not be answered; that of neither has been answered fully") and the legacies of the Vietnam War and the Cold War. He was charming,

erudite and idealistic. I thought he was also hopelessly naive.

I changed my opinion the next year, when I taught at the university where Mr. Capps was such an icon. There I learned that Walter's classes on the Vietnam War had to be scheduled at the largest hall available because 800 students would sign up.

Walter ran for Congress in 1994. He upset two traditional Democrats in the primary and faced a conservative Republican in the general election. His opponent was vulnerable on abortion rights in a pro-choice district, but Walter refused to run negative attack ads against her.

He lost narrowly. When I asked him about his refusal to "go negative," he said he had no regrets. But he was now branded a hopeless candidate by ambitious members of the local Democratic establishment.

Walter infuriated them when he decided to run again in 1996.

He was by now better known and was doing well in his campaign until May 26, 1996, when he was nearly killed in a head-on automobile crash

caused by a drunken driver on a mountain road.

The accident left Walter's campaign in the hands of outside professionals, who engaged in the negative advertising that was prevalent on both sides as the two parties struggled for control of Congress. But Walter never made a personal attack on his opponent.

And at the Democratic National Convention, he was the only candidate to use his air time to promote the constitution and the values of participatory democracy rather than himself.

When he died, the chairman of the university's department of religious studies talked about "the spark that Walter kindled" and said, "Today is one of the saddest days of my life."

It is sad for all of us. Walter Capps was a kind and thoughtful man who as professor and politician instructed people in the values of democracy and the power of reconciliation. I feel privileged to have known him as a friend.

The Washington Post

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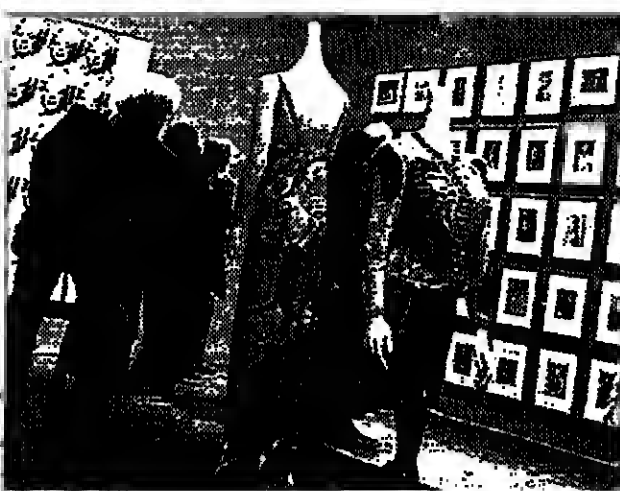
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Simon Doonan's window display at Whitney Museum, left; Versace's Marilyn dress, below; Stephen Sprouse's robot prints; Oscar de la Renta and Geoffrey Beene dresses in Saks' window; Sprouse's Warhol screen-print dress.

New York Goes Pop! With Tributes to the World of Warhol

By Suzy Menkes
International Herald Tribune

NEW YORK — From graphic screen-printed dresses, and striking store-window displays to a landmark exhibition at the Whitney Museum of American Art, one name is dominating the new fashion season: Andy Warhol.

The New York shows went pop when Stephen Sprouse opened the collections Saturday with original Warhol prints — advertising messages, blown-up theater tickets and screen-printed robots — on baggy pants and geometric dresses. The designer, making his fashion comeback in the 1990s, produced the eerie effect of the twig-thin Edie Sedgwick and fellow groupies parading through the Warhol Factory 25 years ago.

"Fantasy and clothes go together a lot." (All quotes by Warhol.)

At Saks Fifth Avenue, the scene was equally surreal, as rain-soaked survivors of Sunday's marathon, wrapped in silver foil capes, paused to take in windows

where a Geoffrey Beene dress was juxtaposed with Warhol's self-portrait in drag, and the artist's Marilyn prints formed a backdrop to a glamorous Oscar de la Renta gown.

On Madison Avenue, Barneys achieved the meltdown of art and fashion that is the Warhol legacy. The store's creative director, Simon Doonan, has produced tribute-to-Warhol windows — mixing black-and-white dresses by current avant-garde designers, with monochrome portraits of the Warhol era photographed by Roxanne Lowitt, against a shiny silver re-creation of the Factory interior.

Meanwhile, a few blocks away at the Whitney, Doonan's creative window dressing is celebrated at the museum show.

"Everything in your closet should have an expiration date on it the way milk and bread and magazines and newspapers do."

"The Warhol Look/Glamour Style fashion" is one of those rare exhibitions that lives up precisely to its title. Or-

ganized by the Andy Warhol Museum in Pittsburgh, and slated to travel to Toronto, London, Marseille and Sydney, the exhibition looks at the legendary pop artist's obsessions with glamour and style, from his early beginnings as a store window dresser and commercial artist. That is shown in the witty 1950s windows for Bonwit Teller that had ladylike dresses alongside Warhol's own pop cartoons and in the fashion illustrations of elegant gloves and pointed-toe pumps.

"His work included painting, sculpture, interview magazine, film — all of those things intertwined," said Margery King, associate curator of the Warhol Museum. "There were no boundaries. Like a great fashion designer, he pulled it from everywhere."

The metamorphosis of the commercial artist in a nondescript suit, from the funky creator in black roll-neck sweater and leather jacket, to the iconic image of Warhol with blond thatched wig as male model in the 1980s, is artfully developed. Alongside the unfurling personality, are his creations and those he inspired in others: the artist's collection of press

photographs of Monroe, his Marilyn screen prints of 1962, and Gianni Versace's 1991 rendition of the print on a slinky dress; the famous Warhol Brillo box made into a dress and photographed on the dance floor; the Day-Glo camouflage outfits that Sprouse, a Warhol protégé, re-created in 1988.

"They're simple, and that's what American clothes should be."

Mark Francis, the exhibition's curator, says that the challenge for him and King was to "put all these things together," referring both to Warhol's range, and to the fact that the artist never threw anything away, leaving a daunting archive of material. That magpie quality was wittily expressed by a Barneys window in 1989, where a Warhol effigy was surrounded by everything from Coca-Cola bottles to soup cans.

"Looking at store windows is great entertainment because you can see all these things and be really glad it's not home filling up your closets and drawers."

A serendipitous juxtaposition of archive objects is a 1960 illustration of wigs, beside Warhol's own wig, splayed flat as a framed object. That is in the room devoted to "Drag and Transformation," which emphasizes how the artist pioneered fashion's explorations of gender identity.

The exhibition might have suggested

a connection between Warhol's glorification of commercial art and fashion's increasing reliance on marketing. Instead, portraits of designers make a straightforward connection with fashion. They include Sprouse, all sulky and spiky haired, an introspective Yves Saint Laurent (to an early 1974 portrait), a brooding Versace and a piercing-eyed Armani. Halston and the late Calvin Klein are a doomed fashion trio of the Warhol era.

"Fashion wasn't what you wore someplace anymore: it was the whole reason for going."

Was fashion peripheral or central to Warhol's vision? The exhibition does not draw any conclusion, but Francis says that the artist made "no distinction between work and play — it was all constant activity." The show's strength is in emphasizing Warhol's continuing influence on fashion. It draws a comparison between Steven Meisel's striking campaign of string-out kids for a recent Calvin Klein ad, and Richard Avedon's life-size frieze of a naked Warhol and his Factory crowd in 1969.

So-called avant-garde designers may be surprised to discover that their passion for deconstruction is nothing new: Warhol's "composite" dresses of 1975 took apart and reassembled designer clothing for a "Fashion as Fantasy" exhibition in 1975.

"Think rich. Look poor."

For the fashion crowd, invited to preview the Warhol show by the Council of Fashion Designers of America, the show was both a poignant reliving of personal memories and a fount of gossip material — like the filmed interview with Diana Vreeland — and the pair of underpants, photographed by Calvin Klein.

"For Andy, Merry Christmas 1984." But, doesn't such an exhibition, however meticulously researched, just reinforce current fashion's obsession with its own past? Sprouse's show was full of back-to-the-1960s imagery. In spite of current rock stars like Iggy Pop and Flea of the Red Hot Chili Peppers sitting in the front row, the mood was retro, rather than forward-looking.

"All you've got to do is look right and anybody will be happy to feed you, no questions asked."

But that cannot take away from Warhol's extraordinary legacy to fashion. He celebrated visual extravagance; he wove the thread linking uptown fashion with high camp and lowlife; he glamorized the culture of the night and the cult of celebrity. He made underground mainstream, and his own photographs and film are a vivid sociological record.

Warhol deserves this exhibition that celebrates his role as Svengali and showman in 20th century fashion.

(Warhol quotes from "Style, Style, Style," compiled by R. Seth Bright, published by Little, Brown and Co.)

Request for Expression of Interest for Design-Build Contracts

The Kowloon-Canton Railway Corporation (KCRC) invites expressions of interest from pre-qualifying contractors for the following design-build packages for Phase 1 of West Rail, a 30.5km, double-tracked, electrified railway system providing passenger services to Hong Kong's Northwest New Territories with a maintenance depot and 9 stations.

DESIGN-BUILD CONTRACT DB-320

Kwai Tsing Tunnels

This contract encompasses the design and construction of the tunnels (approximately 3,600m in length) from Ching Cheung Road in the south to Wing Shun Street in the north. The railway will proceed northwards from Ching Cheung Road through rock tunnels (approximately 1,700m) then transition to a cut-and-cover tunnel (approximately 680m) to pass below Kwai Chung Road and follow Kwai Fuk Road to Hing Fong Road. From there the alignment reverts to rock tunnels (approximately 1,100m) and finally to a cut-and-cover tunnel (approximately 120m). The work is planned to commence in late 1998 with construction to be completed by early 2002.

DESIGN-BUILD CONTRACT DB-350

Tai Lam Tunnel

This contract encompasses the design and construction of the tunnel (approximately 5,500m in length) beneath the Tai Lam Country Park. The railway will proceed from south of Castle Peak Road in Tsuen Wan to the northern portal in the Kam Tin Valley. The contract will include the development of the tunnel's southern and northern portals and a short section of line on an embankment to an interface with the West Rail Depot. The work is planned to commence in late 1998 with construction to be completed by late 2002.

Detailed descriptions of the scope of work activities and programme requirements will be included in the Qualification Questionnaire.

Requests for a Qualification Questionnaire should be made in English on company letterhead by facsimile to the Kowloon-Canton Railway Corporation, Attention: Procurement Manager at (852) 2601-2671. Requests for Qualification Documents received by the Corporation after 29 November 1997 may be too late for consideration.

KCRC will, at its sole discretion, evaluate responses to the Qualification Questionnaire. The tender documents will require parent company guarantees in respect of each entity. Tenderers will be required to provide a tender bond the value of which will be determined at a later date.

No communications in response to this advertisement will be accepted by KCRC except by facsimile at the above noted facsimile number.

This procurement activity is covered by the World Trade Organisation's Government Procurement Agreement.

Interested firms are advised that the construction of Phase 1 of West Rail will be subject to the approval of the Hong Kong Special Administrative Region Government around September 1998.

Additional information is also available on the Internet at the following address:
<http://www.kcrc.com>



西鐵 West Rail

Sotheby's Plunges Into High Fashion

International Herald Tribune

NEW YORK — The dress was Dior — a sleek navy number with a tight bodice and a swoosh to the left hip. And with a bid of \$16,100, a Hollywood star gave the ultimate seal of approval to 1990s vintage chic.

Although the auction house is keeping the usual discretion about the big young clients it targeted, a West Coast source says that Demi Moore led the bidding for the cream of couture at Sotheby's first high fashion sale last week. And that she also paid \$9,775 for Horst P. Horst's dreamy photograph of Coco Chanel — a part Moore hopes to play in a movie for which she has bought the rights.

With its splendid "Paris a la Mode" catalogue featuring society beauties, from Princess Fyral of Jordan through Catherine Deneuve, the Sotheby's sale was a social as well as a fashion event. Two socialites fought over a 1990 Valentino

cocktail dress with a rattle of crystal-beaded fringe (\$4,887) and the winning bidder said off-the-record Sunday that it was a steal compared to buying from a couture house.

The significant thing about Sotheby's classy launch into the secondhand clothes business, is that nine out of the top 10 items went to private collectors, rather than museums. That included the cute Schiaparelli compact from 1935, shaped like a telephone dial (\$12,650), and a seductive black lace cocktail dress from Jacqueline de Ribes at \$8,625.

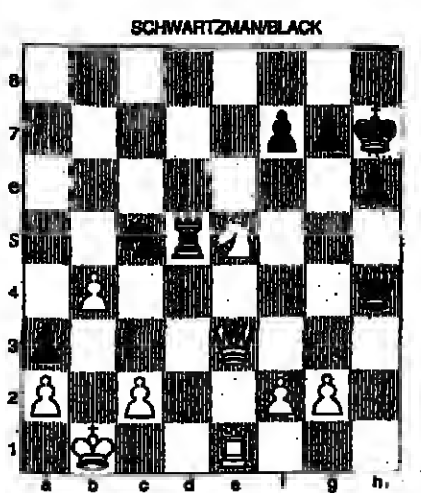
"Selling clothes at auction is not a new phenomenon, but we were looking at the women behind the dress," said Tiffany Dubin, the expert in charge of the pioneering sale. "Women don't want to go for severe fittings anymore — and anyway the fitters are retiring. This catalogue was the last bastion of haute couture."

Suzy Menkes

CHESS

By Robert Byrne

IN the game shown Gregory Kaidanov best Gabriel Schwartzman at the United States Championship. The exchange, 4...d5 Ne4, introduces the Rubinstein Variation



Position after 31...Qb4

of the French Defense, in which Black gives up his central stronghold to bring about leveling exchanges.

The advance with 8 h4 cannot do White any harm. He is surely thinking of castling on the queen's side, and 8...Bg5? would be a serious error in opening the h file for a white rook after 9 hg.

With 12...cd, Schwartzman knocked out a center pawn, but after 13 Rd4, Kaidanov led in development and controlled more terrain. On 13 Rd4, Schwartzman erred with 13...e5? and the result after 14 Rd2 a6 15 Re1 Re8 was that his forces were pinned down to the defense of the errant e5 pawn. Kaidanov took a second pawn with 23 Qb7, ready to answer 23...Rb3? with 24 Qa8 Kb7 25 Qe4. He also stopped 23...Re5? by the reply 24 Qb8.

After Schwartzman's 30...a3, Kaidanov did not play 31 Qa3 because Black would have had a bind with 31...Ne4! 32 Qb2 Nc3. On 31 Ne5, Schwartzman calculated incorrectly by playing 31...Qb4?

Kaidanov played 32 e4!, which avoided 32 b7 Qb4, winning outright for Black, put two black pieces en prise and, most important, opened a flight square at c2 for the white king. After 32...Na4 33 cd

Qb4 34 Kc2 Qb2 35 Kd3 Qb5 36 Ke4, the white king was on his way to freedom and Black was decisively behind in material.

After 36...f6, Kaidanov carefully gave back a piece with 37 Kf3 fe 38 Qe4 Kh8 39 Qe5. Once the white king was secure, Schwartzman had nothing to play for and gave up.

FRENCH DEFENSE			
White	Black	White	Black
Kaidanov	Schwartzman	Kaidanov	Schwartzman
1 e4	e6	20 Rd8	Rd8
2 d4	d5	21 Re5	Re5
3 Nc3	Nf6	22 Qc3	Qc3
4 Bg5	de	23 Qb7	Nc5
5 Ne4	Nbd7	24 Qa8	Kb7
6 Nf3	Be7	25 Nf3	Qd7
7 Nf6	Bf8	26 b3	Qd6
8 h4	hg	27 Qe8	Qf8
9 Bf8	Qf6	28 Kb1	a5
10 Be4	g4	29 Qc3	a4
11 Qe2	cd	30 b4	Qb4
12 0-0-0	cd	31 Ne5	Na4
13 Rd4	a6	32 c4	Qb4
14 Rd2	e5	33 cd	Qb4
15 Re1	Re8	34 Kc2	Qb5
16 Qe5	Nc5	35 Kd3	Qb5
17 Qe3	Na4	36 Ke4	Re8
18 Ne5	Be6	37 Kf3	fe
19 Rd6	Rd8	38 Qe4	Kh8
		39 Qe5	Re8

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Brazil Weathers Asia Crisis

Latin America Seems to Have Learned a Lesson

By Anthony Faiola
Washington Post Service

BUENOS AIRES — On the surface, it seemed like the Asia crisis revisited, but with Spanish and Portuguese subtitles.

Investor panic led to billions of dollars of losses on Latin American stock markets last week. In Brazil — the hardest-hit nation and the region's largest — speculators tried to force the devaluation of the currency, the real, prompting the central bank to double interest rates overnight.

But specialists say that while Brazil's troubles may yet worsen, possibly touching off a regional economic slowdown, the foundations of most other Latin American economies — including those of Argentina, Chile and Mexico — are far more sound than those of the Asian countries now caught up in financial turmoil. Reflecting that view, stock markets across Latin America posted substantial gains Monday.

Economists attribute Latin America's strength partly to the 1994-95 Mexican peso crisis that forced many countries to implement conservative banking rules and fiscal policies.

"Latin America has already learned its lesson," said Carlos Kawall, chief economist for Citibank in Sao Paulo. "We're not looking at another Asia in Latin America."

But that does not mean things cannot take a turn for the worse, or that there are not significant risks in the region. Brazil, in particular, still faces major economic burdens. Its economy remains the wild card that could scramble the performances of all the others as they become increasingly linked to Latin America's biggest economic power.

Brazil has a large trade deficit and a currency widely viewed as overvalued, making it more difficult to sell its products abroad. The government's decision to raise its key interest rate to 40 percent from 20 percent annually also will make it harder to finance the billions still needed to privatize the state-run industries.

Economists warn that leaving interest rates too high for too long could cause a recession. Some department stores in Sao Paulo and Rio de Janeiro already have said they will start to curtail credit this week, temporarily halting long-term installment loans that have become so popular.

But to Brazilians, preventing the devaluation of the real was most important. Devaluation could have led to the return of hyperinflation, which was once so bad that shoppers would

race down aisles to buy food before clerks could stamp on new prices. President Fernando Henrique Cardoso eliminated the problem by pegging the real to the U.S. dollar in 1993 — a move that practically made him a national hero.

By raising interest rates, the central bank fought back speculators. But the threat is not over, and financial analysts said a clearer picture would emerge in the coming days of how persistent speculators would be.

Yet, analysts say, when Brazil's economy is compared to those of some Asian "tigers," its fundamentals are more sound. For example, Brazil's current-account deficit stands at 4.3 percent of its gross domestic product. While 2 percent or lower is considered a healthy level, Thailand's current account deficit soared to 8 percent just before its economic crisis. And although some smaller banks had liquidity problems after last week's crisis, there is no evidence the Brazilian banking industry has made the kind of outrageously speculative loans on real estate and factories that were made in Asia and became one of the largest reasons for the collapse.

Although the Brazilian central bank spent almost 15 percent of its cash reserves to shore up the real last week, it still has far more in reserves than most of its Asian counterparts.

Meanwhile, other countries in the region, especially Argentina, Mexico and Chile, stand on even firmer fiscal ground — mostly from having weathered the Mexican peso crisis.

Chile, the region's economic star because of its high growth rate and aggressive free-trade moves, has developed a complex financial system that limits the amount of foreign capital that can leave the country in a short period of time. Such measures make huge investor flight, as seen in Asia, difficult at best.

Mexico is slowly emerging from its worst recession in 60 years in the aftermath of the peso crash. But analysts said safeguards and precautions initiated as a result helped brace Mexico for last week's global chain reaction and left the economy relatively unscathed.

Three years ago, Mexico faced many of the problems now troubling Asian nations: runaway inflation, an overvalued currency, a weak banking system, high national debt and heavy dependence on short-term foreign investments. Today, its inflation is a comparatively moderate 15 percent, the peso has been one of the world's most stable currencies this year, and the nation has sharply cut its foreign debt and encouraged long-term foreign investment.



A security guard at Bank Harapan Santosa, which was closed over the weekend along with 15 other failed banks, fending off depositors in Jakarta seeking access to their money Monday.

Jakarta Takes Steps To Bolster Economy

Compiled by Our Staff From Dispatches

JAKARTA — In an attempt to strengthen its fragile economy, Indonesia on Monday announced an array of reforms as part of a rescue plan designed by the International Monetary Fund.

The government took steps to open up what has been one of Asia's fastest-growing economies, stripping the state of its monopoly on key imports such as wheat, soybeans and garlic.

The changes complied with conditions on \$33 billion in foreign loans linked to the IMF's second-biggest bailout package ever. The largest, \$50 billion, went to Mexico in 1995.

Indonesia announced the closure of 16 insolvent banks last weekend, starting thousands of customers, who rushed to bank branches Monday to try to withdraw their savings.

"I can't believe it — I need money soon for my business," said one depositor, who sells spare car parts. The government said it would reimburse investors.

Indonesia's economy has been battered by the spectacular falls in currency and stock values that have swept Southeast Asia. The rupiah has fallen by more than 30 percent against the U.S. dollar since July, but it climbed Monday amid news of the economic reforms.

The weaker rupiah is beginning to contribute to higher inflation. Consumer prices rose 1.99 percent in October from September, the fastest monthly increase since January 1996, a government official said Monday. Higher food prices, driven up by the worst drought in a decade, also lifted the price index.

But analysts said some of the measures announced Monday should help contain rising food prices. In addition to ending the government's monopoly on wheat and soybeans, Indonesia also increased to 18 from 10 the number of commodities for which exporters could receive relatively inexpensive credit. It did not identify the eight additional commodities.

The government also eliminated an administrative retail price for cement, cut some import and export taxes and encouraged gold jewelry exports from one of the world's biggest gold producers.

In a move to woo foreign investment, the government also said it would allow foreign companies manufacturing in Indonesia to distribute and sell their products and sell them wholesale. Full retail sales would be allowed from 2003.

The IMF-required reforms are unusual because they hurt members of a group that has long dominated the Indonesian economy, the family and close associates of President Suharto.

Some of the closed banks have links to Mr. Suharto's children, one of whom, Bambang Trihatmodjo, said he would sue the state for shutting a bank in which he was a major shareholder. The government said that the institution, Bank Andromeda, had flouted the legal lending limit.

Mr. Trihatmodjo said that about 90 percent of Indonesian banks had violated the limit and that his bank should not have been singled out, according to the official Antara news agency.

Protesters, a half-brother of Mr. Suharto who is a director of the liquidated Bank Jakarta, also threatened to sue.

In another blow to the Suharto family, the government said Monday that the president's youngest son, Hutomo Mandala Putra, had been removed as head of the Timor national car program.

Timor executives said the replacement of Mr. Hutomo was not tied to the IMF reform package.

Soemirto Soerachmad, executive director of PT Timor Putra Nasional, said the appointment of several new directors, including some from the rival automaker PT Astra International, was in line with Timor's plan to make an initial public offering.

There has been speculation that Astra, Indonesia's largest car manufacturer, would take over the project to build an Indonesian car. Astra markets about half of the vehicles sold in Indonesia.

"We aim to raise the level of professionalism," Mr. Soerachmad said. "There's nothing unusual about it. These changes have been planned for a while now."

Investors have speculated that the IMF package may require Indonesia to end the tax breaks and other benefits that Timor has had. Timor is exempt from paying taxes and tariffs on cars it imports from Kia Motors Corp. of South Korea. (AP, Reuters, Bloomberg)

US Airways Orders 124 Airbus Planes

Compiled by Our Staff From Dispatches

TOULOUSE, France — Airbus Industrie said Monday that US Airways Group Inc. had ordered 124 planes worth about \$6.2 billion, a contract that put the European aircraft maker neck and neck with Boeing Co. in new plane orders this year.

The contract, signed after US Airways pilots ratified a labor agreement last Friday, has additional options that could increase the order to as many as 400 aircraft.

Analysts said the order brought Airbus closer to meeting its goal of consistently winning 50 percent of new plane orders. Boeing now has about 70 percent of the world's airliner market.

"It's a significant order for Airbus," said Chris Avery of Paribas Capital Markets Group. "In the North American market, where Airbus had not done well, it's very important for sentiment."

Airbus's triumph comes as its Seattle-based competitor is going through a painful period. Boeing said last month that it would take pre-tax charges totaling \$2.6 billion this year, and in 1998, because of production bottlenecks caused by shortages of parts and materials and the need to train thousands of new employees.

Airbus, meanwhile, said it would increase annual production to 234 aircraft in 1998, compared with the 185 planes forecast to leave its assembly lines in 1997. Airbus said the decision to raise its production rate was based on a strong order book overall.

It said its order backlog stood at 1,007 aircraft following the US Airways order. The total backlog is worth \$69.2 billion, Airbus said.

See AIRBUS, Page 12

Thinking Ahead / Commentary

WTO: The Summit's Forgotten Issue

By Reginald Dale
International Herald Tribune

WASHINGTON — There was good and bad news for the world economy from the summit meeting between President Bill Clinton and President Jiang Zemin of China in Washington last week. The good news was that little attention was paid to China's bid to join the World Trade Organization — the biggest item on the two countries' joint economic agenda.

That was the bad news, too.

It was good that Mr. Clinton did not rush through a flawed agreement speeding Chinese entry into the WTO to make the meeting an ostensible political success, as seemed likely only a few months ago.

But it was bad that the issue dropped out of sight altogether, because China is unlikely to be admitted to the WTO without new high-level political impetus from Washington and Beijing. That prospect now looks increasingly distant.

There are legitimate worries in the West that China might prove a disruptive member of the WTO. But the political, economic and strategic reasons for integrating China into the world trading system far outweigh the potential disadvantages.

Provided the conditions are right, WTO membership would require China to adopt the Western-inspired rules that have governed the world trading system since World War II — rules that provide for dismantling trade barriers, nondiscrimination and dispute settlement according to agreed legal procedures.

Those rules would give China a further big push toward economic reform, which would be in the interests not only of all those trading with China but of the Chinese themselves.

A Chinese entry on terms that guaranteed that Beijing would play by the rules would help make the WTO truly a world organization and set a helpful precedent for admitting Russia, which is way behind China in understanding how markets work.

China at first thought it had a political right to WTO membership in deference to its growing world status. It was rapidly disabused of that notion. Beijing now seems to understand that strict economic and commercial criteria have to be respected.

But that very recognition is increasing political resistance to the WTO inside China, especially as it becomes clearer that the loss of government subsidies and other forms of protection is likely to cause the collapse of inefficient state-run industries and widespread unemployment.

The ruling Chinese political and military establishment is still deeply divided over whether it wants to pay that price, especially when it sees some other Asian countries claiming, wrongly, that their current financial troubles were caused by opening their economies too quickly.

At the same time, the U.S. political climate is growing less auspicious. Last week's summit meeting confirmed that vocal sections of American opinion still strongly resist doing Beijing any favors, as a result of concerns ranging from weapons proliferation to human rights, Taiwan, Tibet and the surging American trade deficit with China.

The tough opposition in Congress to Mr. Clinton's request for new "fast-track" trade negotiating authority is demonstrating the extent of political resistance to trade-opening moves toward low-wage countries — despite the fact that, in trade terms, Chinese WTO membership would benefit the United States far more than it would China.

China's approach to the WTO could be blown off course in Washington by next year's midterm congressional elections and the fight for the Democratic presidential nomination in 2000 — a contest likely to pit the relatively pro-free-trade Vice President Al Gore against the protectionist Dick Gephardt, the minority leader in the House of Representatives.

U.S. political infighting would be a poor reason for delaying such a momentous move as China's integration into the world economic order. But the most important thing is to get the terms of that integration right, even if it takes a little longer.

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CURRENCY & INTEREST RATES

Cross Rates	Nov. 3	Nov. 3	Nov. 3	Nov. 3
Australian dollar	1.575	1.575	1.575	1.575
British pound	1.66	1.66	1.66	1.66
Canadian dollar	1.405	1.405	1.405	1.405
French franc	166.35	166.35	166.35	166.35
German mark	1.36	1.36	1.36	1.36
Italian lira	2036.27	2036.27	2036.27	2036.27
Japanese yen	109.00	109.00	109.00	109.00
New Zealand dollar	1.25	1.25	1.25	1.25
Portuguese escudo	200.48	200.48	200.48	200.48
Spanish peseta	166.64	166.64	166.64	166.64
Swedish krona	8.46	8.46	8.46	8.46
Swiss franc	1.48	1.48	1.48	1.48
Thai baht	54.80	54.80	54.80	54.80
U.S. dollar	1.00	1.00	1.00	1.00
Yen	109.00	109.00	109.00	109.00

Libor Rates	Nov. 3	Nov. 3	Nov. 3	Nov. 3
1-month	5.50	5.50	5.50	5.50
3-month	5.50	5.50	5.50	5.50
6-month	5.50	5.50	5.50	5.50
1-year	5.50	5.50	5.50	5.50

Key Money Rates	Nov. 3	Nov. 3	Nov. 3	Nov. 3
U.S. dollar	5.50	5.50	5.50	5.50
Japanese yen	5.50	5.50	5.50	5.50
German mark	5.50	5.50	5.50	5.50
French franc	5.50	5.50	5.50	5.50

Other Dollar Values	Nov. 3	Nov. 3	Nov. 3	Nov. 3
Argentine peso	1.00	1.00	1.00	1.00
Brazilian real	1.00	1.00	1.00	1.00
Chinese yuan	1.00	1.00	1.00	1.00
Indian rupee	1.00	1.00	1.00	1.00
Israeli sheqel	1.00	1.00	1.00	1.00
Italian lira	1.00	1.00	1.00	1.00
Japanese yen	1.00	1.00	1.00	1.00
New Zealand dollar	1.00	1.00	1.00	1.00
Portuguese escudo	1.00	1.00	1.00	1.00
Spanish peseta	1.00	1.00	1.00	1.00
Swedish krona	1.00	1.00	1.00	1.00
Swiss franc	1.00	1.00	1.00	1.00
Thai baht	1.00	1.00	1.00	1.00
U.S. dollar	1.00	1.00	1.00	1.00
Yen	1.00	1.00	1.00	1.00

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November 3, 1997

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ASIA/PACIFIC

Bailout Plan for Indonesia Sparks Market Gains in Asia

Compiled by Our Staff From Dispatches

JAKARTA — Stock markets and currencies across Asia rose Monday as a financial-aid package for Indonesia sparked hopes the region might be headed for a turnaround.

The Indonesian rupiah led the currency gains after the central banks of Japan, Singapore and Indonesia jumped in to support the currency. The dollar fell to 3,590 rupiah from 3,640 rupiah Friday.

Finance Minister Hiroshi Mitsuoka of Japan said the operation had been aimed at correcting the "excessive" fall of the rupiah. He said the three central banks would be ready to act again when necessary.

Indonesia on Friday was promised a bailout package estimated at between \$30 billion and \$40 billion from the International Monetary Fund, the World Bank, the Asian Development Bank and individual countries to help lead the country out of financial turmoil. The Indonesian government said it would implement a series of reforms in return.

"Indonesia is seen as having more political will compared with Thailand," said Suresh Lilaram, a Jakarta-based executive with Deutsche Bank AG.

Still, analysts were not prepared to predict the end of the currency turmoil that has scarred the region since July.

"The confidence level is quite good," said Michael Lim, treasurer at Standard Chartered Bank PLC in Jakarta. "Is the worst over? That is a difficult call."

Comments by the financier George Soros fueled buying of Southeast Asian currencies, dealers said. He told the BBC that he believed the world's financial turbulence had ended over and called for international regulatory co-ordination to head off further storms.

Most stock markets in the Asia-Pacific region posted gains. The Hang Seng Index in Hong Kong finished 6 percent higher at 11,255.11 points.

(Reuters, Bloomberg, AFP)

Intel Says Thai Sales Affected

Sean Maloney, general manager of Intel Corp.'s Asia-Pacific division, said his company had "definitely felt an impact of the currency crisis" in Southeast Asia, AFX News reported from Hanoi. He said sales in Thailand had been hit particularly hard.



Takashi Ikeuchi, left, president of Sanyo Securities, at a news conference Monday.

Sanyo Securities Seeks Protection From Creditors

Compiled by Our Staff From Dispatches

TOKYO — Sanyo Securities Co. on Monday became Japan's first brokerage to seek court protection from creditors, saying it had shut down 14 indebted affiliates and asking Nomura Securities Co. and others to help it survive.

The medium-sized brokerage, which has posted losses for six years, was unable to dispose of 222.5 billion yen (\$1.85 billion) in bad loans run up by its affiliates.

Sanyo said it would stop all operations except customer withdrawals and would make "utmost efforts" to restructure under the protection of the Tokyo District Court, which will appoint an administrator.

While it is not the first Japanese brokerage to go out of business, Sanyo is the first to file for court protection. In the past, other troubled brokerages have shut down without trying to restructure under court protection or have merged with other brokerages.

Sanyo said the decision to seek protection

had been triggered by the refusal last week of some of its creditors, including some of Japan's largest life insurers, to grant it more time to repay 20 billion yen in loans.

Takashi Ikeuchi, president of Sanyo Securities, said he and the members of Sanyo's board had submitted their resignations.

Sanyo, which is closely tied to the Nomura group, said Nomura would take over part of its business, though it did not say which part. The Finance Ministry said it had asked Bank of Tokyo-Mitsubishi Ltd., Daiwa Bank Ltd. and Nippon Credit Bank Ltd. to assist Sanyo. Finance Minister Hiroshi Mitsuoka said he knew of no other brokerages facing similar problems at this point. He said Sanyo's customers would be protected by an emergency fund set up by the brokerage industry.

Sanyo, which employs 2,715 people, said it had 373.6 billion yen in debt and 297.6 billion yen in assets at the end of September. Sanyo had a loss of 2.46 billion yen in the year ended March 31. (Bloomberg, AP)

Honda Eclipses GM as Favorite For China Carmaking Contract

Bloomberg News

GUANGZHOU, China — Honda Motor Co. moved ahead of General Motors Corp. to become the likely winner of a joint-venture contract to make cars in southern China, an executive of the joint venture said Monday.

That would make Honda the first Japanese company to manufacture automobiles in China, where brands licensed by Toyota Motor Corp.'s Daihatsu division have sold well.

Honda looks more appealing than General Motors' Adam Opel AG unit as a partner to replace PSA Peugeot Citroën of France in its unprofitable joint venture with the Guangzhou city government, according to Liang Dongxiang, a manager at the joint venture.

Although Opel is still in the race until a preliminary agreement is signed,

probably around the end of this month, talks with the American-owned, German-based company have been suspended, Mr. Liang said. Hyundai Motors Co. of Korea is a third candidate.

"Of the three, Honda offers the best conditions," Mr. Liang said. "They are willing to put up the money promptly."

China has only 6.6 vehicles for each 1,000 people in the country, compared with 520 per 1,000 in Japan and 740 in the United States, so international automakers see it as a huge potential market. The number of motor vehicles in China rose 13 percent a year between 1985 and 1995. Yet many foreign carmakers are having trouble cracking the market. Chrysler Corp. recently said it was scaling back, and Toyota licenses brands without making the cars itself. Only Volkswagen AG's joint venture in Shanghai has been a steady success.

The Guangzhou Peugeot joint venture lost 600 million yuan (\$72.2 million) in the past two years, leading Peugeot to pull out this year. The main Chinese partner, Deaway Investment Ltd., also wants to sell its stake.

Chinese officials said the joint venture was not big enough to be profitable and needed a further \$400 million in investment. It built just 2,416 cars last year, about one-tenth of its break-even target and one-twelfth of its capacity.

Mr. Liang said the company expected to announce a preliminary agreement by the end of November or the beginning of December. He declined to say how much money the joint venture wanted from a partner or how much of a stake the foreign partner might own.

Hong Kong Defends Its Competition Rules

Bloomberg News

HONG KONG — Hong Kong defended its competition law Monday, saying high prices here were not due to a lack of competition but to housing and labor shortages.

The secretary for trade and industry, Denise Yue, said that instead of tightening competition laws, the government would look for monopolies in sectors of the economy and legislate as necessary.

The Consumer Council, a government-funded watchdog, previously recommended a comprehensive competition law and the creation of a

Competition Authority.

"I am not opposed to legislation as such," Miss Yue said, "but we would limit these to sectors which have a substantial public interest at stake which may be more prone to anti-competitive behaviors." She declined to identify any of the sectors where she believed legislation would be warranted.

Separately, Financial Secretary Donald Tsang has promised a review of the government's tactics against speculators. Defending the local currency's peg to the U.S. dollar pushed interest rates as high as 300 percent briefly last month.

Very briefly:

• Hong Kong's stock exchange named Lee Hon-chiu, chairman of Hyson Development Co., a property company, as its new chairman.

• Minnesota Mining & Manufacturing Co. will invest 491 million Singapore dollars (\$310.8 million) in projects in Singapore, including a new plant and laboratories and the expansion of a technical center.

• Kia Motors Corp.'s workers returned to work, ending a 13-day strike against the government's decision to put the company under court receivership.

• PT Lippo Securities, one of Indonesia's biggest stock-brokerages, will fire most of its foreign analysts, salesmen and traders to save money as its market share slips and costs rise, two people familiar with the situation said.

• Shell Philippines Exploration BV, a unit of Royal Dutch/Shell Group, acquired a 70 percent stake in an exploration project on Palawan island being undertaken by a consortium led by Trans-Asia Oil & Mineral Development Corp.

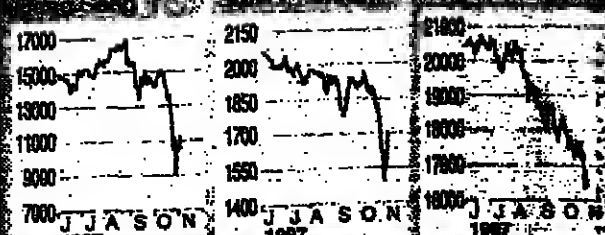
• Hyundai Motor Co. is prepared to invest \$1 billion in Poland, the PAP news agency reported, quoting company executives.

• Hanwa Bank Ltd.'s former president, Takeji Hashimoto, was arrested on suspicion of illegally aiding an organized-crime syndicate, police officers in Tokyo said.

• Porsche AG will send a mission to Thailand next week to discuss setting up a parts factory, according to Chakramon Phasukavanich, deputy secretary-general of the Thai Board of Investment.

AP, Bloomberg, AFX

Investor's Asia



Source: Reuters

NASDAQ

NASDAQ

Monday's 4 P.M.
(Continued)

High	Low	Stock	Chg	High	Low	Stock	Chg
12.40	12.30	Alcatel	+	12.40	12.30	Alcatel	+
12.40	12.30	Alcatel	+	12.40	12.30	Alcatel	+
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12.40	12.30	Alcatel	+	12.40	12.30	Alcatel	+

High	Low	Stock	Chg	High	Low	Stock	Chg
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NYSE

WORLD ROUNDUP

Italy Joins 5 Nations

RUGBY UNION Italy will be admitted to the oldest club in international rugby when it joins the Five Nations Championship into the Six Nations. The International Rugby Board said Monday that Italy would join the tournament in 2000.

The championship started in 1883 as a competition involving England, Scotland, Wales and Ireland. France joined in 1910. (AP, Reuters)

Roy McMillan Dies at 68; Gold Glove Shortstop

BASEBALL Roy McMillan, 68, one of baseball's smoothest-fielding shortstops of the 1950s with the Cincinnati Reds and later a New York Mets manager, died Sunday at Northeast Medical Center in Bonham, Texas. He apparently suffered a heart attack.

McMillan signed with the Reds in 1947 and stayed with the team through 1960. He spent three seasons with the Milwaukee Braves and three with the Mets.

He won Gold Gloves at his position from 1957 to 1959 and was an NL All-Star in 1956 and 1957. He was a mediocre hitter, with a .243 lifetime average for 16 seasons.

McMillan was named manager of the Mets when Yogi Berra was fired on Aug. 6, 1975. He had a 26-27 record as the team tied for third place in the NL East. (NYT)

Cronje Lifts South Africa

CRICKET Hansie Cronje hit a swashbuckling 94 in Lahore on Monday as South Africa made 297 for five wickets in 48 overs to beat the West Indies by five wickets in Pakistan's Golden Jubilee tournament. The West Indies batted first and scored a formidable 293 for eight wickets, including 105 by Carl Hopner and a blistering 68 by Brian Lara. (Reuters)

Golden Era Ends

ATHLETICS The Golden Four series of meetings in Oslo, Zurich, Brussels and Berlin, which offers gold bars as prizes, has ended. Sources said the organizers feared they might be excluded from the new Super League that is being planned by the IAAF, the governing body of world track and field. (Reuters, IHT)

Wednesday Fires Plead

SOCCER The English premier league club Sheffield Wednesday dismissed David Platt as manager Monday. The club lost 6-1 at Manchester United on Saturday. Platt, 52, had been in charge for nearly two-and-a-half years. (Reuters)

Bob Dole, Plucky Loser

SOCCER Bob Dole lost again, this time on a soccer field in Midland, Michigan.

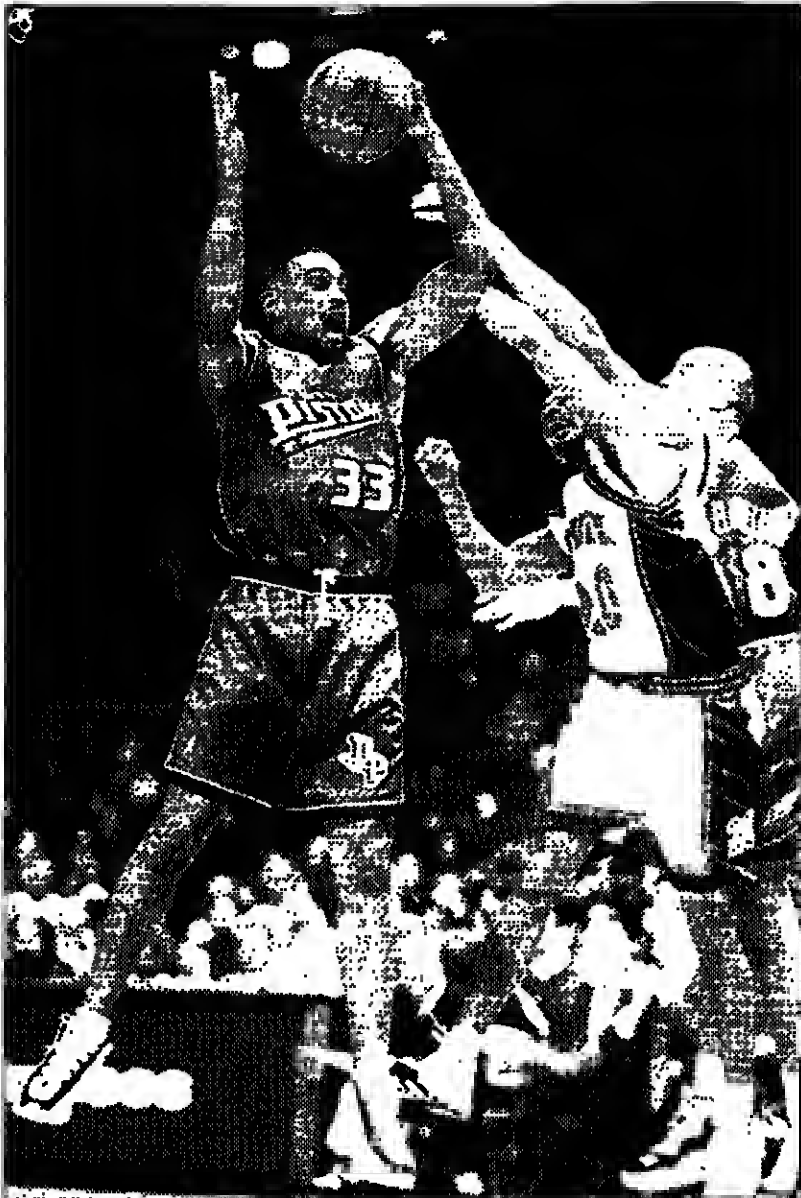
An under-14 soccer team which picked the name "Bob Dole" to show its determination to overcome adversity, made it to the finals of the Midland Soccer Club Recreational League before losing badly, 7-0, to the Huskies.

"I guess it was a landslide, I think that's what the political term for it is," said Stacey Gannon, the coach. Dole, the losing Republican candidate in last year's U.S. presidential election, spoke with the players by phone from Washington before the game. He told them to pick heads in the coin toss.

"He did his part, we won the toss," Gannon said.

The 14 boys used a familiar slogan for inspiration.

From their end of the field, they shouted, "I know it, you know it, the American people know it — let's go Bob Dole!" (AP)



The Pistons' Grant Hill grabbing a rebound against the N.Y. Knicks.

Grant Hill Gives Knicks A Glimpse of the Future

By Harvey Araton
New York Times Service

NEW YORK — Being 10-men deep is nice, but having that one special player who can beat five men off the dribble is well better.

On Sunday night at Madison Square Garden, while Patrick Ewing was resting on the bench, the Knicks' vaunted second team had a 9-point lead against Detroit and Grant Hill. When Hill had

But there'd better be that one special player.

In the fourth quarter, there was only Hill, the rest of the Pistons and a mass of frustrated Knicks faces, Ewing included. The 10-headed Knicks had plenty of balance in their scoring but they had no one to go to when Hill was taking over the game. They had no one to guard Hill, either. Hill scored or had a hand in 21 points as the Pistons went on a 28-12 run. He finished with 34 points, 9 rebounds, 5 assists, 3 steals.

"For the most part, I want the ball in my hands, especially when things are going well," said Hill, who scored 15 of his points in the fourth quarter.

Hill's team is still developing, still a ways away. He has no Scottie Pippen to lean on when he turns up flu-ridden in the playoffs. But Sunday night was all Williams needed to know he had made a good choice.

Sonner or later, the Pistons will get Hill a sidekick, a little brother. "Michael's got that aura because of all he's done," Williams said. "Grant's different in that he breaks you down, but he's thinking pass first, shot second. But he's going to win his share. He'll get his rings."

In other games, The Associated Press reported:

Magic 107, Celtics 96 In Boston, Penny Hardaway scored 32 points, including six 3-pointers, and Orlando gave Chuck Daly his first victory after a three-year break from coaching.

Derek Harper added 19 points and Nick Anderson 13 for the Magic. The Celtics were led by the rookie Ron Mercer with 23 points and Antoine Walker with 19. Boston hit only 36 percent of its shots.

Rockets 93, Kings 77 In Sacramento, Hakeem Olajuwon scored 18 points and Houston held Sacramento to just seven points in the fourth quarter.

Trailing by 74-71 early in the fourth quarter, the Rockets used 3-pointers by Eddie Johnson and Brent Price to take the lead for good with an 8-0 run. Houston scored the game's final 12 points.

CROSSWORD

- ACROSS**
- Shophole's hangout
 - Out-and-out
 - Way to go
 - Pacific Rim locale
 - Shoe material
 - As a result
 - Part of a popular song lyric
 - Address-staker
 - Chinese restaurant flowers
 - Swift with idiom
 - Open, as an envelope
 - Old-fashioned illumination
 - Montecarlo, for one
 - 1970's discipline
 - Book after Gen.
 - More of the song's lyric
 - Do-well starter
 - Anteater's feature
 - Acres Peeples
 - Not same
 - Supporters of Ivan and Nicholas
 - Sells (for)
 - Onetime Spanish queen and namesake
 - Draws
 - Mid-afternoon
 - Statement describing the subject of the song
 - Nectar flavor
 - Micro-wave brand
 - Gave the boot
 - Censor's target
 - Where Durban is
 - Swedish Sandberg

DOWN

- It takes figuring
- U.S. Open stadium name
- Property encumbrance
- Of the lips
- G.I. entertainment grp.
- Large cask
- Samson base
- Newsman Magnus at al
- Second-hand transaction
- Did a horrid/burial's job
- Planets and such
- Materal fever
- Children's connectives
- Eyes layer
- "Trinity" author
- a Name (Jim Croce hit)
- Debit markers
- "I can't" satisfaction (1995 lyric)
- Vastly lightened
- Shipment to Detroit
- E. C. Bentley detective
- Impulse transmitters
- Namely
- Author Ferber and others
- Jaguar
- Exaggerator
- Chinese dollar
- Geologic layers
- One noted for bringing couples together
- Abuse
- Babylonian love goddess
- 1965 march site
- Reverend for waiting
- News bit
- Son of Rebekah
- Mattress support
- Classic theater name
- Gershwin biographer David
- "Momo" author Michael
- Actress Markel

Solution to Puzzle of Nov. 3

CARGO SPAS RITZ
ALLEN MORN ARIA
SAVING UOMO HEMP
SITTING ROOMS
SLAG RITE POT
POS LOLA SCRAPE
ACTA WILT CARPE
STAN INNOVATION
CARNE GLAIA SASS
ARVUS EARN REY
LEE LAB RIOS
WALKINGSTICK
JUNE TARD HENRI
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Montgomery Now Focuses on U.S.
Europe's Top Money-Winner Will Play Up to 10 Events

By Ian Thomsen
International Herald Tribune

Like many rich Britons, Colin Montgomerie intends to spend the cold months in Florida and return to Europe for the summer. This is not his idea of semi-retirement: At 34, he is planning to work harder than ever to win the major title that has eluded him.

After winning the European money title for a record fifth year in a row, Montgomerie declared his intention Monday to play more golf in America next year. He is not abandoning the European Tour altogether, as Nick Faldo and others have done. In Montgomerie's case that would be counterproductive; indeed, it would go against the prevailing internationalist trend of professional golf. He intends to prepare especially for the four major championships, and three of them are held annually in the United States.

"I have clear priorities, both professionally and personally, and my future schedule will be carefully worked around those European, U.S. and other worldwide events which will best help me in achieving my goals," Montgomerie's statement read. "I look forward to playing an extended schedule in the U.S., which I know will assist me in my professional aspirations."

"I shall now play a considerably reduced schedule in Europe whilst keeping it as my 'home tour.'"

The statement had a legalese ring to it, as if cloaking Montgomerie's feelings about his move overseas. People who know him have maintained that he

was never going to uproot his wife and two young daughters to America year-round. At last summer's U.S. Open, which, by the way, provides him his best expectations, with two second-placings and a third-place finish in the last six years, an apparently drunk fan tauntingly compered him to Mrs. Donahue. He lost the tournament on the 71st hole, missing a medium-length putt after waiting in vain for several minutes for the galleries to go silent.

No player on either tour — not Jack Nicklaus, Tom Watson, Arnold Palmer, Sam Snead, Ben Hogan; not Seve Ballesteros or Faldo — has ever led his tour five years in a row. Montgomerie did so with close to \$1.3 million in winnings this year following his eighth-place finish last weekend at the Volvo Masters in Spain. He has also become the first man to accumulate more than \$6 million in European winnings. All of this is proof, too, that he needs a change.

Montgomerie claims that he has improved each year to maintain his domination of Europe. In Europe's Ryder Cup victory in September, he was magnificent. Nonetheless, the parochial nature of his success — he has yet to win a PGA tournament of any kind on American soil — is threatening to cast him as the European version of Tom Kite, whose reputation for consistency as the leading American money-winner of all time was undermined by his failure to win a major tournament. At last, Kite won the U.S. Open at age 42. Montgomerie won't want to wait that long. The increased competition greeting him on the U.S. Tour might toughen him.

"I have an incredible desire and ambition to succeed and that has kept me going throughout my 10 years as a pro," Montgomerie said Sunday after the final round had been washed out in Jerez, Spain. "That has not willed at all and that, for all that is written about my hitting fairways and greens, is my greatest asset."

Montgomerie did not spell out his plans for next year, but most likely he will spend the first half of his season in America, peaking for the Masters in April and the U.S. Open in June. He would then return to Europe through autumn, apart from a return trip to America in August for the PGA Championship.

This year, Montgomerie played 22 events in Europe and nine in the United States. Though he will not seek membership in the U.S. Tour, he will be able to play as many as seven regular events; plus the three majors and the Players Championship and World Series of Golf — 12 American tournaments in all.

Both sides of the ocean would be happy to see Montgomerie win a major title. The European Tour is criticized for the comparatively shallow depth of its talent pool, the dearth of public interest in golf on the Continent and the often disappointing state of its courses. But through the Ryder Cup and the beginnings of a shared global circuit, it is forming a partnership with the American PGA Tour. As professional golf becomes unified internationally, it becomes more important for the game that the best players fulfill themselves as major champions, wherever their home.

Duval Grabs 3d Straight PGA Victory

By Clifton Brown
New York Times Service

HOUSTON — David Duval continued his sensational end-of-season run by winning his third straight U.S. PGA golf tournament.

Duval won Sunday in true championship fashion at the Tour Championship. He beat a field of the tour's top 30 money-winners, prevailing by one stroke over Jim Furyk and by two strokes over Davis Love III.

Duval became the first player since Nick Price in 1993 to win three consecutive starts. He became the first player in tour history to collect his first three victories in consecutive starts.

He won the biggest first-place check of the year (\$720,000), and finished second on the tour's money list (\$1,885,308). Only Tiger Woods, with four, finished with more victories this season than Duval.

Perhaps more important, Duval sent a message that, at 25, he is ready to join Woods, Justin Leonard, Ernie Els and other great young players as a threat to win anytime, anywhere, for years to come. There is a difference between being a good player and being a champion. Duval has learned the difference.

"Three victories in the year, no matter how they're spaced out, is a great year," said Duval, who finished the

tournament at 11-under-par 273. "I don't think you ever can envision a streak of winning three starts in a row. But I've had enough patience and resolve to make the puts when I needed to."

Several other important issues were decided in a final round.

Woods, who tied for 12th at three under par, finished as the tour's top money-winner (\$2,066,833) and became the first player to pass the \$2 million mark, although Hale Irwin won \$2,156,364 on the Senior Tour.

Nick Price won the 1997 Vardon Trophy for lowest adjusted stroke average at 68.98.

Woods will almost surely be voted the PGA Tour player of the year by his peers. But if Love had won Sunday, he would have passed Woods on the money list and could have made a strong case for player of the year.

"It was nice to at least make Tiger a little nervous there with nine holes to go," said Love, who led after 11 holes but made costly bogeys at No. 14 and No. 18. "If I had a chance at player of the year, it's disappointing. But Tiger played so well all year, he deserved it."

Love finished third on the money list with \$1,635,000. Duval, who shot three under par Sunday, held steady under pressure and deserved his victory. He started the day



Tiger Woods on the green at Houston; he finished 12th.

in a four-way tie with Love, Bill Glasson, who tied for fourth, and Brad Faxon, who tied for sixth.

But Duval won by making two difficult pars on the final two holes.

■ Father Earns Card

It was a good day for the Duval family. While David was winning the Tour Championship, his father, Bob, earned his Senior Tour card for 1998. The Associated

Press reported from Houston.

Bob Duval finished 31st on the Senior Tour money list and earned the final automatic spot for next year's tournaments.

The elder Duval, who did not have a fully exempt card for this year, was 26th on the money list but missed getting into the last two tournaments in Monday qualifying, falling first to 28th and then 31st.

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ART BUCHWALD

The Lawyer Explosion

WASHINGTON — I work in a building in Washington that is occupied solely by lawyers. It wasn't that way several years ago, but as old tenants moved out only lawyers moved in. No matter how much government downsizing Clinton promised, nobody has been able to figure out a way to reduce the amount of legal talent the capital requires.

Why does Washington need so many lawyers?

This is a conversation I overheard in the elevator. "There's talk of another Special Prosecutor being appointed to investigate Clinton's telephone calls."

"That means we'll have to add 5,000 square feet of space to accommodate the defense lawyers."

"Resolute Times wants someone to appeal its conviction and fine of \$10 million for burning tires in Central Park."

"That could take years. I think we ought to rent the whole fourth floor, and we could put the Littleton harassment case up there."

"We'd better make it two floors — one for harassment and one for pleading Littleton innocent of embezzling money from the House Post Office."

"I have a haggard coming my way — a Cabinet officer who took a private plane to the Super Bowl with his family and then stopped off in Buenos Aires to visit his daughter. The government wants him to pay all of it back, and I reckon that should take at least a year to straighten out."

I said, "You people are really busy."

"We have to be to pay for the partners' new dining room. One of our major decisions is how much space we'll need for the election campaign fraud inquiry. If Janet Reno is serious about prosecuting anyone, we'll have to bring in a team from the New York office."

"We're talking about 10,000 more square feet and the duplex gym on the top two floors."

I remarked, "Well, at least you're filling up the building."

"We can't fill it up entirely because Rotweiler & Rotweiler have an option on half of it. They are arguing a marriage antitrust case, and their people are spread out from Georgetown to the White House."

"Lawyering must pay well," I said to nobody in particular.

"It's a living. For every person doing wrong there's a lawyer to argue that the person did nothing unusual under the circumstances."

Another lawyer on the elevator said, "If you take the other side, then the person who actually did something wrong should be fined and punished and made to pay for his mistake. We can go either way and usually do."

The elevator reached the ground floor. The lawyers emptied out one said to the other, "My mother wants me to write out her will."

Does anyone know how to draw up a will?

They all shook their heads.

"Maybe we ought to sign up for another 3,000 square feet and bring in an estate expert from Cleveland."

Konchalovsky: Slavic Soul and Show-Biz Hustle

By Alessandra Stanley
New York Times Service

MOSCOW — The film director who dared to bring Homer's "Odyssey" to television has another epic project in mind: Henry David Thoreau.

"Thoreau is my favorite chap; he was a great guy, the first beatnik and a great poet," said Andrei Konchalovsky, the Russian director who made his breakthrough in 1980 with the acclaimed film "Siberiade."

Even after nearly two decades in the West, Konchalovsky still sees movies through the prism of the cultured Russian intelligentsia. His life has been a remarkable journey, from a youth as the son of the head of the Soviet Writers' Union to a career in Hollywood.

Now he has returned to work in Russia, where his brother, Nikita Mikhalkov, is a celebrated nationalist filmmaker, the director of movies like "Burnt by the Sun."

Konchalovsky said he discovered Thoreau by reading Tolstoy, who admired him. The director described his vision of a film biography of Thoreau as a Chekhovian romantic comedy with "amusing characters, talking and dreaming and trying to forget their mortality."

Konchalovsky is fluent in English and French, but after 17 years in Hollywood, where he directed several films for major studios, he is also conversant in studio-speak.

"It's a combination of 'The World According to Garp' and 'Forrest Gump,'" he explained briskly. He envisions Robin Williams or Tom Hanks playing Thoreau, he said.

The Film Society of Lincoln Center in New York is holding a monthlong retrospective of Konchalovsky's films at the Walter Reade Theatre that started last Friday with "Uncle Vanya," made in the Soviet Union in 1970, and "The Runaway Train," an American action movie made in 1985.

But the director is in on mood to dwell on his past.

"I am hoping 'The Odyssey' will give me carte blanche to do new projects," he said. "To me, success is being able to make the next film."

Konchalovsky, who is 60, is an odd amalgam of Slavic soul and Western show-biz hustle. A classically trained pianist who began his career making small, lyrical films with an elliptical edge — his "Asya's Happiness" of 1965 was banned by the Soviet authorities until 1988 — he became famous after making "Siberiade," an epic drama about life in Russia's vast eastern territory, and emigrated to the West to pursue a Hollywood career.

In person, the boyishly charming director is clever and cosmopolitan, equally comfortable discussing Spike Lee and Dante. But artistically, Konchalovsky has at times seemed trapped between clashing cultures. His attempts to make big-budget action films floundered; he described his 1989 film "Tango and Cash," with Sylvester Stallone, as a "humbling experience."

In 1992, he came back to his Russian roots, trying to explain the terror of Stalin to an American audience with "The Inner Circle," a film about Stalin's movie projectionist in the Kremlin, starring Tom Hulce. It was not a commercial success.

When he returned to Moscow in 1994, he intended to make Russian films again. But his efforts to interpret and satirize the cataclysmic changes after the collapse of communism in films like "Ryabyi Moshki" were rudely received by Russian critics and ignored by audiences.

"Russians didn't like the idea of someone talking about their faults," he explained. "Nobody enjoys hearing the truth about themselves."

His career was revived by the unexpected critical and commercial success of "The Odyssey," an NBC miniseries starring Armand Assante for which Konchalovsky was director and one of the writers. He won an Emmy this year for directing "The Odyssey," but he did not attend the awards ceremony, he said.



"To me, success is being able to make the next film."

because he was convinced that the prize would go to Christopher Reeve for "In the Gloaming."

Now, after the Emmy, Konchalovsky said, he felt his luck had changed. Besides a biography of Thoreau, he is hoping to make a movie based on "The Nutcracker."

He would preserve Tchaikovsky's music but adapt the plot and visuals for today's audiences, with special effects and Marvel Comics-style characters, he said.

Having conquered network television, Konchalovsky clearly still

has his heart set on big-screen success. His version of "The Nutcracker" has little to do with children and sugarplum fairies. His highly stylized vision, laid out in an illustrated treatment, includes bats on bicycles and villainous rats that look ominously like Nazis.

Konchalovsky has acquired an ear for mass culture, but he was not born to it. He is descended from one of Russia's most prominent families, one that improbably spanned the aristocratic salons of prerevolutionary Empire to the

state-owned dachas of the Soviet nomenclature.

His mother, descended from the nobility, was an essayist and a great-granddaughter of the painter Vasily Surikov. One of his uncles died in the gulag. But his father, Sergei Mikhalkov, wrote the lyrics to the Soviet national anthem. Konchalovsky grew up in the privileged atmosphere of the Soviet Union's "golden youth."

Unlike his brother Nikita, Konchalovsky took his mother's maiden name professionally.

In temperament and artistic sensibility, the two brothers are radically different. Mikhalkov is a Slavophile and monarchist. His films are deeply Russian. Most of them, including "Burnt by the Sun," his film about Stalinist repression, are imbued with gauzy, lyrical imagery borrowed from Chekhov. He passionately disdains Hollywood.

In 1992, Mikhalkov made the film "Close to Eden," set in Mongolia, which darkly satirized the invasion of Western materialism and pop culture. In a sideswipe at his brother, he featured Sylvester Stallone as the epitome of Western decadence.

Konchalovsky said that he and his brother shared "some kind of aesthetic resentment," but that they were personally very close. "We watch each other with love," he said.

Konchalovsky spoke despairingly of the Russian movie industry, which has all but come to a halt because of an absence of financing, a collapse of the distribution system and dwindling audiences.

He was almost as pessimistic about the Hollywood system, complaining that the only option today is to do either small-budget independent movies or huge \$100 million blockbuster studio films that exclude any freedom or creativity for the director.

"Everybody dreams of making a blockbuster," he said. "I want to make one blockbuster, and then make every other film for myself."

ART

In Budapest, a Look at Soviet Art From 'Bulldozer' Era

By Ruth Ellen Gruber

BUDAPEST — During the Cold War, the official Soviet attitude to contemporary nonconformist art was symbolized by a bulldozer.

That image dated back to September 1974, when Moscow city officials sent bulldozers and angry "workers" to disrupt an outdoor exhibit in a vacant lot of paintings by artists who were not officially sanctioned or recognized by the state.

Bulldozers running over paintings and chasing artists through the mud became powerful shorthand for the Communist regime's paranoid war against freedom of artistic expression. In this framework, the persecution of the artists and the political significance of their struggle and their work was often more important than the artistic merit of the paintings produced.

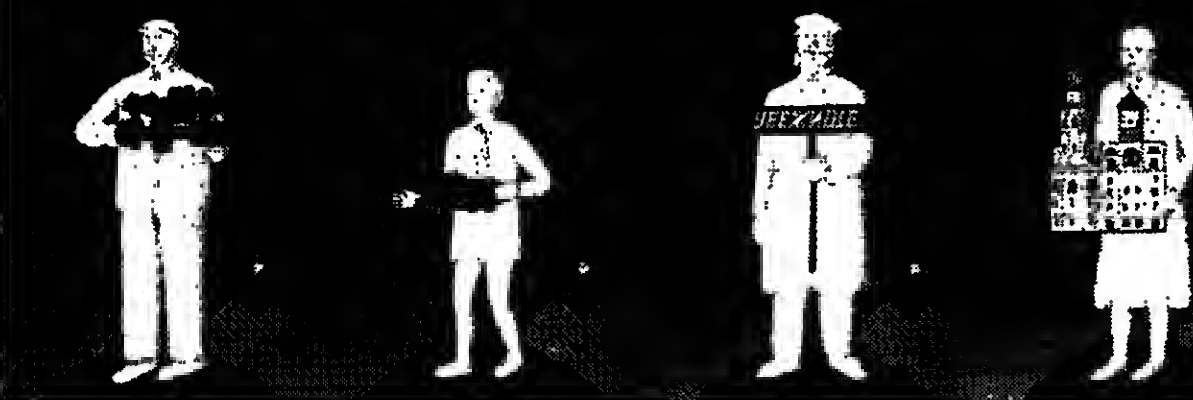
The "bulldozer" days of censorship and persecution — and of artists as dissident celebrities regardless of the quality of their art — are long gone. The work of dissident Soviet artists belongs to a specific period of history, and indeed is now increasingly studied by scholars for its political, perhaps more than artistic, importance.

A pair of exhibitions that opened in Budapest last month showcase the artworks as well as the political context that made them meaningful.

The major exhibit, "Nonconformist Art From the Soviet Union," presents hundreds of paintings, sculptures and conceptual pieces created by dissident, underground and nonconformist Soviet artists over more than 30 years.

The exhibit, which runs until Nov. 16 in Budapest's Múzeumok, or Palace of Fine Arts, unites pieces from the Contemporary Collection of Moscow's National Tsaritsyn Museum and from the Nancy and Norton Dodge Collection of Soviet Nonconformist Art, based at the Zimmerli Art Museum at Rutgers University in New Jersey.

Amassed over three decades by Norton Dodge, an American professor of Soviet economics, the Dodge collection includes more than 12,000 works by 1,000 artists and is considered the largest and most comprehensive collection of Soviet nonconformist art.



Detail of Grisha Bruskin's "Fragment from Part III of the Fundamental Lexicon," 1985, from Dodge Collection.

The 200 pieces in the Budapest exhibit are being shown in a former communist country for the first time.

At the same time, an exhibit called "Art of the Unofficial," at the Galleria Centralis, associated with Central European University, illustrates the history and the political context of the art and artists, through documentation and photographs.

Knowing the extent to which individual artists were persecuted and the risks they took to produce and clandestinely exhibit works of art at times dubious artistic quality helped make sense of the main show, as did learning about some of the movements and conflicts within the nonconformist art scene itself.

"How can one look at the work without seeing the environment?" Istvan Rev, academic director of the Open Society Archives, wrote in the joint catalogue for the shows. "It's probably not even worth trying to do so. These objects are not just works of art, but also documents."

This attitude was reinforced by the fact that the opening of both shows was accompanied by a two-day symposium on "Politics as Art/Art as Politics," which recognized growing academic interest in nonconformist Soviet art.

We are at the stage of museumization of this art," Phillip Dennis Cate, director of the Zimmerli Art Museum at Rutgers, said at the symposium. Artists, art historians and collectors discussed in detail whether the art produced by Soviet nonconformists could, or should, be viewed on its own

merits or whether it needed the political component to make it valid.

"There was a shared knowledge inside the scene that Soviet power had brought us to an island, isolated in time and space," said Boris Groys, an art historian who was part of the dissident Soviet art scene and now teaches in Germany. "We wanted to send some message back from that island to the Continent."

The works presented at the Budapest exhibition encompass a range of artistic and political experience. Artists represented include better-known figures such as Oscar Rabin, an organizer of the "bulldozer exhibit" who was forced into exile by the regime, the graphic artist Ilya Kabakov and the painter Yevgeni Rukhin, who died in a suspicious fire at his Leningrad studio in 1976.

Cate said the selection of works from the Dodge Collection — which also have been exhibited in Lisbon and will travel after Budapest to Tallinn, Estonia, Amsterdam and Antwerp — took aesthetic as well as political quality into consideration.

"With the fall of the Soviet Union, the nonconformist artist essentially lost his or her function in society," he said. "The Dodge Collection documents the 30 years of nonconformist activity when it meant something for the artists and for Soviet society."

Ruth Ellen Gruber is working on a book about non-Jewish interest in Jewish culture in Europe.

PEOPLE

FRANCE'S Prix Medicis was awarded Monday to the French author Philippe Le Guillou and the Femina prize went to Dominique Noguez. The Medias foreign prize went to American T. Coraghessan Boyle for his novel "America," published in French by Grasset, the Chinese writer Jia Pingwa won the foreign Femina prize for "La Capitale dechue" ("The Fallen Capital").

Larry King got married — for the second time in seven weeks. He remarried his latest bride, Shawn Southwick King, in a far grander ceremony than the tiny bedside "I do's" exchanged in his hospital room Sept. 5. This time, the wedding Saturday was initially La-La Land. The ceremony was at the home of Michael Viner and Deborah Raffin. Viner publishes sub-literary lights as Faye Resnick and O.J. Simpson jurors Tracy Kennedy and Michael Knox. Ted Turner, King's boss at CNN, was King's best man.

Prince Harry, in his first public outing since the death of his mother, Diana, two months ago, received special attention at a benefit concert given in Johannesburg by the Spice Girls pop group. "Hello Harry, we hope you are enjoying the show," one of the quintet called up from the stage to a royal box where 13-year-old Harry watched the concert with his father, Prince Charles. On Monday, Prince Harry and his father visited a rural school.

Britain's defense minister, George Robertson, will confer a honorary knighthood on a Soviet-era marshal for his World War II contribution to the Allied cause. Robertson will present the honor to the widow of Ivan Stepanovich Konev during a visit to Moscow this week. Konev, who died in 1973, commanded the steppe front at the battle of Kursk in 1943 in a major turning point of the war.

Former President George Bush walked



LAUNCHING — Director James Cameron and actor Leonardo DiCaprio at Tokyo showing of "The Titanic."

through his life's work and was surprised at what he saw. "I go back and see or read things about it and I honestly find it hard to believe," Bush, 73, said after touring his library and museum at Texas A&M University. About 40,000 people are expected to attend the dedication ceremony for the library Thursday, including President Bill Clinton and former presidents Jimmy Carter and Gerald Ford.

Two years after being dumped by CBS following her ill-fated anchoring pairing with Dan Rather, Connie Chung will return to the air on ABC. Chung will report on newsmagazines like "Prime Time Live" and also will be available as a substitute news anchor. Chung's hiring by ABC was set in motion after her plans for a syndicated talk show with her husband, Maury Povich, fell through.

Among the items offered at the sale of Marlene Dietrich's personal effects in Los Angeles were two letters that Ernest Hemingway once sent to Dietrich. The letters, along with two Pucci dresses, a bathing suit, a mink coat and a cane that Noël Coward gave Dietrich were bought by actress Jennifer Tilly.

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